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WORLD NEWS

Tamils defy plea to give up arms

Sri Lankan Tamil guerrillas refused to surrender their arms to an Indian general when he asked them to comply with the peace accord between the Indian and Sri Lankan governments.

The guerrillas of the Liberation Tigers of Tamil Eelam, who control much of the northern Jaffna peninsula, said they would not do so without orders from their leader Velupillai Prabhakaran who is in New Delhi.

In Colombo a Sinhalese gang assassinated a member of parliament in protest against the peace accord. Page 2

French air deal near

Talks between French transport minister Jacques Douffiagues and leaders of air traffic controllers were close to a solution to the pay and pension dispute that has disrupted airline traffic for 15 weeks. Page 2

● In Britain, air traffic controllers called for an independent inquiry into air space management following recent air misses.

Shooting in court

A 25-year-old man was shot in the head at Camberwell, south London, as he was called to answered a charge of causing grievous bodily harm with intent.

Crossbow attack

A policeman was hit by two crossbow bolts fired from a tower block near the Elephant and Castle in south London.

Soviet arms proposal

The Soviet Union tabled a draft treaty for 50 per cent cuts in US and Soviet strategic nuclear weapons, its third arms control proposal in 10 days. Back Page

Nuclear damages

The Court of Appeal ruled that Crown immunity does not prevent the Government being sued by a former soldier over cancer he claims he contracted witnessing British nuclear tests.

Children killed

Two cousins, aged fourteen and eight, were crushed to death under a road sweeper as they played in the street at Long Hanborough near Woodstock.

Coroners win ruling

Coroners can order post-mortem examinations before deciding whether to hold inquests, ruled three Appeal Court judges.

Mexican air crash

A plane carrying showjumping horses crashed on a highway near Mexico City in the rush hour killing at least 41 people and 15 horses.

Five hurt in Belfast

Five people, including three police officers and an 84-year-old woman, were hurt when two car bombs exploded in Belfast.

Job-centre switch

Job centres are to be transferred from the Manpower Services Commission to the Department of Employment from October 26, Employment Secretary Norman Fowler announced.

Fiji leader sworn in

Col Sitiveni Rubuka, leader of the Fiji military coup in May, was sworn in as commander-in-chief of Fiji's forces.

Broadmore for rapist

Peter Chmilowskyj, from Palmers Green in north London, who kidnapped and raped two women has been sent to Broadmoor.

Constables charged

Two police constables appeared at Leicester charged with the murder of a man taken into custody in Morecambe. Both were granted bail.

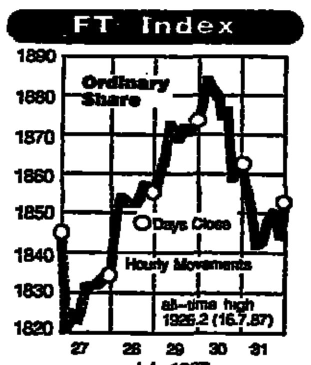
BUSINESS SUMMARY

Unitisation plan for Remnant

THORNTON Pacific Investment Trust, Luxembourg - based investment vehicle, has approached TR Pacific Basin Investment Trust with unitisation proposals.

The £280m TR trust is run by fund management group Touche Remnant, currently undergoing internal management upheavals. Under the unitisation scheme management would switch to Thornton Pacific and shareholders receive shares and warrants in Thornton Pacific. Back Page

EQUITIES closed well above the day's lows hit by a bearish circular from Barclays de Zoete Wedd and weak bond prices. The FT-SE 100 Index lost 9.6 points to close at 2,360.9, a gain of 14 on the week. The FT Ordinary Index fell 9.8 to 1,852.5, ending the week up 7.5. Stock Exchange, Page 12



HONG KONG shares rose to new peaks for the third consecutive day on projections of strong performances from leading corporations. The Hang Seng Index rose 59.96 to close at a record 3,479.24. In Tokyo, the Nikkei Index lost 22.26 to close at 24,488.11. Stock markets, Page 11

ZIMBABWE Government decided not to proceed with proposals to force private businesses to cut trade ties with South Africa. Page 3

ROYAL ORDNANCE factory employees overwhelmingly backed a three-year 13.5 per cent pay deal. Back Page

INTERNATIONAL Leisure Group chairman Harry Goodman said he would make a rival takeover offer for British Caledonian if the airline's proposed merger with British Airways was referred to the Monopolies Commission. Back Page

FIRST FIDELITY Bancorporation and Fidelcor, two medium-sized US regional banks, are to merge in a $1.34bn (£840m) deal that will create one of the largest US "super-regional" banking groups. Page 10

WALL STREET corporate raider Saul Steinberg has taken over as chairman and chief executive of Frank B. Hall, troubled US insurance broker. Page 10

BRITOIL, largest UK independent oil company, produced interim after-tax profits up more than two-fold at £71.3m, well above most City forecasts. Page 8

NORFOLK CAPITAL Group, UK hotelier, is to raise £44.2m in a one-for-three rights issue to help cut borrowings and fund expansion, including the purchase of the St James's Clubs in London and Paris. Page 8

SOUND DIFFUSION, UK electrical equipment group, postponed once again the publication of its audited figures for 1986 and said its 1985 accounts would have to be rewritten. Page 8

A. G. STANLEY, owner of the Fads stores chain, is to acquire the Jacoa Group for £26.5m, ending six years of on-off talks between the decorating products retailers. Page 8

Britain rejects US request to help with Gulf minesweeping

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

BRITAIN YESTERDAY turned down a US request to help with minesweeping operations in the Gulf, in a move which is likely to be seen in Washington as a serious rebuff from a main ally.

The decision follows similar moves by West Germany and Holland, but Mr David Mellor, Minister of State at the Foreign Office, said its significance should not be exaggerated. "If circumstances change, our attitude to this matter might change," Mr Mellor said, though he did not explain what possible changed circumstances he had in mind.

The request, relayed by Mr Charles Price, the US Ambassador, to Sir Geoffrey Howe, the Foreign Secretary, on Thursday was made following the holing of the reflaged Kuwaiti tanker, Bridgeton, by a mine explosion a wek ago while sailing under US naval escort.

Britain's decision, which was communicated to the US State Department yesterday afternoon, was understod to have explained the view of Mrs Margaret Thatcher, the Prime Minister, that she did not believe that UK minesweepers could substantially help the US operations in the Gulf.

It is clear, however, that the Government's objections are more fundamental than that. Britain is anxious to maintain as unprovocative a stance as possible in the Gulf in the belief that it can contribute more effectively to a solution of the Iran-Iraq conflict by diplomatic means.

Mr Mellor stressed that, since the adoption of the United Nations Security Council resolution early last week calling on Iran and Iraq to observe a ceasefire, the Iraqis had not attacked any ships in the Gulf, while the Iranians had restricted themselves to planting mines. That was at least an indication that diplomatic means could be employed to partially restrain the participants in the Gulf war.

He added that the Government had taken what it believed to be "a common sense decision" in the context of the "very warm relations" which Britain had always entertained with the US. It would take more than three or four minesweepers to clear the Gulf of mines, the ships would have taken several weeks to get there and they would have required additional naval cover once they were on station.

Asked whether the US navy could not have provided the necessary cover, Mr Mellor said: "It is not our view that joint operations are desirable."

The Royal Navy has 25 minehunters and 17 minesweepers stationed round the British Isles and has been allocated a special minesweeping role within Nato. Its larger warships also have minesweeping capability.

In the Gulf, the so-called Armilla patrol, consisting of three warships, two of them on station permanently at any one time, currently escorts British-registered ships through the Straits of Hormuz

British officials claim that the US, in its approaches to its allies on minesweepers, had not been pushing terribly hard. However, the fact that Washington made public its requests and thus risked an equally public rebuff, gives the whole affair a political importance it might otherwise not have had.

Political observers in London were last night comparing Britain's rejection of the request for minesweepers with Mrs Thatcher's wholehearted endorsement of the US raid on Libya made by US aircraft stationed in Britain.

The Government's refusal to comply with the request for minesweepers was in line with the policy urged by Labour, and yesterday the decision was welcomed by Dr David Owen, the Social Democratic Party leader.

However, Dr Owen argued that Mrs Thatcher should seize on the opportunity of the improved relations with Mr Mikhail Gorbachev, the Soviet leader, and her friendship with President Reagan to propose a joint Gulf minesweeping force operated by the five permanent members of the UN Security Committee to keep the Gulf clear for international shipping.

Daily Telegraph to face action on Spycatcher

BY RAYMOND SNODDY, RAYMOND HUGHES AND TOM LYNCH

THE ROW between the British Government and many of the country's national newspapers over coverage of the Peter Wright Spycatcher case deepened last night as the Attorney General told the Sunday Telegraph it would be prosecuted for criminal contempt.

The Attorney General's office has warned the paper proceedings will be instituted, probably early next week, over three articles published in July.

These were two news stories based on allegations by Mr Wright, and a feature on US reaction to the case. Mr Ian Watson, deputy editor of the Sunday Telegraph, said last night: "We think we took particular care to avoid publishing any secrets and we are surprised and hurt by the Attorney General's action."

Mr Watson said the feature had actually been sympathetic to the Government'se line. He added there did not seem to be any consistency in the Government's actions.

Mr Watson said the paper would run the news this Sunday "as we have got it," and would defend itself against any charges.

The intention to prosecute the Sunday Telegraph emerged on a day when Mr Robert Maxwell, publisher of Mirror Group Newspapers, said he would go to jail if necessary in defence of what he saw as press freedom. Scottish newspaper editors were warned they also faced legal action if they published details of Mr Wright's allegations from the New South Wales Supreme Court.

The Daily Mirror yesterday gave up most of its front page to an attack on Thursday's Law Lords' decision to continue and strengthen injunctions in the Spycatcher case, which the paper saw as "a monstrous act of censorship." Inside the paper it listed many of the allegations Mr Wright had made in court — the very thing a majority of Law Lords decided newspapers should not do.

Mr Maxwell said yesterday the Daily Mirror would report whatever was said in an Australian court that was of interest to its readers.

"It is our job to report the news, not censor it," said Mr Maxwell, who added both he and Mr Richard Stott, the Daily Mirror editor, would take the responsibility for their actions "whatever the consequences."

The Mirror publisher said it was unthinkable that people in Melbourne, Moscow and Washington could read about an appeal bought with British taxpayers' money but the people of Britain could not.

The Scotsman, the Edinburgh-based daily which yesterday carried a full report of Thursday's Australian court proceedings in most editions, said last night it intended to do the same again.

Yesterday Lord Cameron of Lochbroom, the Lord Advocate, the Government's senior law

Continued on Back Page

Sydney court reserves judgment, Page 4

Building societies may win back £400m in tax

BY HUGO DIXON

BUILDING SOCIETIES are likely to win back about £400m in tax following a victory by Woolwich Equitable Society over the Inland Revenue in the High Court yesterday.

Woolwich, the UK's fourth largest society, successfully argued that it had been asked to pay about £70m more than it should under a transitional system for collecting tax on interest that societies pay investors.

Mr Justice Nolan said the Revenue's regulations were invalid in so far as they related to the transitional period in 1985-86. The judgment is likely to apply to most other societies and would boost the industry's capital resources at a time when it is trying to diversify into new areas of business.

The Revenue said the judgment was "long and full" and would have to be looked at carefully. It refused to say whether it would appeal or to comment on implications for other societies.

Under the old system societies deducted income tax at source from interest they paid investors and passed it on to the Revenue every year. In 1985, the Government decided that this tax—known as composite rate tax—should be collected quarterly.

Woolwich's objection was that in moving from the old system to the new, it was forced to pay six months of composite rate tax twice. This, it argued, was arbitrary, unjust and did not reflect the will of Parliament.

The double taxation took place between September 30, 1985, the end of Woolwich's financial year, and April 5, 1986, the end of the fiscal year.

A similar problem was faced by Leeds Permanent, the UK's fifth largest society, which supported Woolwich in its case.

For most other societies, whose financial years end on December 31, the period of double taxation was three months. In the case of Halifax, the largest society, the period was two months.

If the Woolwich judgement is applied to all societies, the gross cost to the Revenue will be more than £600m, industry analysts estimate. Because this money will be added to societies' profits and taxed at the rate of corporation tax, the net cost will be about £400m.

The Revenue needs to repay Woolwich £57m and will lose a further £12m which it had been expecting the society to pay. Woolwich is ging back to court in the autumn to try to reclaim £8m in interest on the overpaid tax.

The extra cash will boost the ratio of the society's reserves to assets from 4.2 per cent to 4.7 per cent.

TSB barred from further Hogg bid for six months

BY NICK BUNKER

THE Takeover Panel has told TSB, the banking group, that it must wait six months before making a further bid for Hogg Robinson, the transport, travel and estate agency company, unless it has the panel's permission to act earlier.

A full meeting of the panel's 13 members yesterday overruled its own executive, which on Monday said it saw no grounds to block a new bid.

The latest ruling followed an appeal by Baring Brothers, Hogg Robinson's merchant bank adviser, against the executive's decision. The panel will explain its move in a statement early next week.

Mr John Hignett, a managing director of Lazard Brothers, TSB's merchant bank, said he was "disappointed and rather surprised" by the six-month moratorium. TSB would not necessarily be interested in bidding again next year, he added.

TSB group launched its £282m attempt to win Hogg Robinson on July 17. The bid lapsed on July 27 when Hogg gained shareholders' approval to demerge into two separately listed companies.

These are Hogg Robinson & Gardner Mountain, which takes in Hogg's UK and US insurance broking activities, and Hogg Robinson, which includes its travel, transport and financial services side.

The panel said TSB cannot bid for either group again until February 1, 1988 without the panel's consent. TSB is inter-

Continued on Back Page

Lex, Back Page

GEC buys Lear avionics arm

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

GENERAL ELECTRIC Company's four-month acquisition spree continued yesterday, when it concluded a $205m (£128.7m) transaction in the US — its second takeover there this week.

The latest deal, involving the Astronics and Development Sciences subsidiary of Lear Siegler, the Californian-based conglomerate, is the sixth purchase GEC has made since April. It comes only a week after another package of aviation electronics activities was sold by Lear to Smiths Industries, the British aerospace, medical and marine group, for $350m.

Mr Ron Howard, managing director of GEC Avionics, said last night that Lear's Astronics division would give his group the ability to supply the "widest range of advanced avionics equipment in the world."

He added that GEC was particularly interested in Lear's work on remotely piloted aircraft — a technology which allows small computer-controlled aircraft to spy on enemy territory — and in advanced automatic flight controls.

In the City, where GEC's shares finished 1p up on the day at 235p, the deal was broadly welcomed, although analysts had mixed feelings about the premium price being paid for the Lear assets.

On the basis of Astronics' $15m pre-tax profits last year, GEC has given well over 20 times fully-taxed earnings—a rate well above the normal ratio which shareholders have come to expect from the UK company. At the same time, Astronics made only a 12 per cent pre-tax return on its sales of $124.8m last year—somewhat less than GEC expects from its high technology avionics activities.

However, Mr Howard said that the Astronics figures were hit last year by some special factors. He added that he expected its returns to improve significantly as it was integrated into the GEC business.

The deal was important to GEC because it gave the group a manufacturing base within the US. This would be helpful in channelling GEC avionics technology into the US military market, he said.

GEC Avionics already has a substantial direct export business to the US, mainly in head-up displays (which project flight information on to the pilot's windscreen) and air data computers (which tabulate speed and altitude information).

The company employs 360 people in its US headquarters at Atlanta, Georgia. With the Astronics workforce, it will have a total US payroll of about 1,700. US sales for the Avionics division, which has a turnover of about $720m, will rise to about $300m.

Mr Howard said he had no particular concern about cuts in American defence spending. Sales in the Avionics division, which is being brought into a closer collaborative relationship with GEC's Marconi subsidiary, were up by 22 per cent in this financial year, he added.

WEEKEND FT

PEOPLE POWER SAVES SOHO

Once home to the vice barons, London's Soho is being cleansed and "saved," so the rich are moving in. Antony Thorncroft reports.

Page I

PROPERTY

The best way to save country mansions is to split them into flats, argues John Brennan. Plus the property scene in Sardinia.

Pages VIII and IX

TRAVEL

Christina Mackenzie goes bullfighting ... in France.

Page VII

MOTORING

A de luxe BMW.

Page VII

DIVERSIONS

Julia Berney visits the Village Show. Plus Saleroom, Collecting, Gardening, Food, Wine and How to Spend It.

Pages X and XI

SPORT

Brian Bollen on Athletics; Teresa McLean on Women's Cricket.

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MARKETS

DOLLAR	STERLING
New York lunchtime: DM 1.859; FFr 6.187; SFr 1.5385; Y149.8	New York lunchtime: $1.582
London: DM 1.8585 (1.856); FFr 6.165 (6.17); SFr 1.5385 (same); Y149.9 (149.55)	London: $1.592 (1.5945); DM 2.9575 (2.96); FFr 9.8475 (9.8375); SFr 2.45 (2.4525); Y238.5 (same)
Dollar index 103.7 (same)	Sterling index 72.3 (same)
Tokyo close Y149.25	

US LUNCHTIME RATES	LONDON MONEY
Fed Funds 6⅜%	3-month interbank: closing rate 9⅝ (9¹¹⁄₁₆)
3-month Treasury Bills: yield: 6.23%	
Long Bond: 98⅞; yield 8.87%	

NORTH SEA OIL
Brent 15-day August (Argus) $19.925 (20.175)

STOCK INDICES
FT Ord 1,852.5 (−9.8)
FT-A All Share 1,202.19 (−0.4%)
FT-SE 100 2,360.9 (−9.6)
FT-A long gilt yield index: High coupon 9.67 (9.56)
New York lunchtime: DJ Ind Av 2,564.41 (−3.03)
Tokyo: Nikkei 24,488.11 (−22.26)

GOLD
New York: Comex December latest $474.3
London: $461.75 (459.25)

Chief price changes yesterday: Back Page

SELLING PRICE IN IRELAND 80p

CONTENTS

EC Commission steps up attack on air cartels

BY WILLIAM DAWKINS IN BRUSSELS

THE EUROPEAN Commission yesterday stepped up its legal action against 10 of Europe's leading national airlines and launched proceedings against three more, Iberia, TAP and Luxair.

It is seeking to end national accords on price-fixing and capacity-sharing in the wake of last month's breakdown of an EC-wide airline deregulation package. Extending the action to the Spanish, Portuguese and Luxembourg carriers means that all of the EC's major airlines are now included in the Commission's long-running attack on air cartels.

Commission competition authorities have sent letters to the airlines involved, warning that until the Council of Ministers accepts the airline package, it is obliged to take individual action against them under Article 89 of the Treaty of Rome. This empowers the Commission to take the airlines to the European Court of Justice if they do not change their trading practices in line with EC anti-cartel rules.

It has given the carriers—Aer Lingus, Air France, Alitalia, British Airways, British Caledonian, KLM, Lufthansa, Olympic Airways, Sabena and SAS—until September 14 to supply further information on how they plan to change their agreements. This will be taken into account before the Commission puts out a so-called "reasoned decision" formally laying down which practices contravene competition law and potentially exposing the airlines to legal action from customers and suppliers. It has already spelt out to individual carriers what changes it requires in a series of letters and meetings.

The Brussels authorities started proceedings against individual airlines a year ago, and exacted commitments from the industry to fall in line with competition rules during talks which ended last month. "What we are now trying to do is to transfer those commitments into facts," said one Commission official.

The broader airline liberalisation scheme, meanwhile, remains blocked by a row between Britain and Spain over whether or not the disputed territory of Gibraltar should be covered by its terms. It also has to be redrafted to conform with the new administrative procedures

US in last ditch bid for pasta compromise

By Tim Dickson in Brussels

US officials and representatives of the European Community were last night meeting in Brussels in a new effort to settle the problem, which threatens to spark a tit-for-tat trade war when the deadline for negotiations set by the Americans runs out tomorrow night.

There was speculation in Brussels yesterday that this could be extended to next week.

The long-running row hinges on the level of EC subsidies paid to (mainly Italian) producers to encourage their exports. The US says these are illegal under Gatt rules because pasta is a processed product but the EC justifies the payments on the grounds that they relate only to the durum wheat content and are therefore legitimate.

The US is demanding a 35 per cent reduction, while Brussels officially at least is not prepared to go further than 20 per cent.

Washington was clearly alarmed by the apparent unwillingness on Thursday of Mr Willy de Clercq, the EC's External Relations Commissioner, to participate in further talks. A statement from the US Mission in Brussels yesterday emphasised that the American side "has been and remains fully prepared to continue to make every effort to reach a mutually satisfactory conclusion prior to the August 2 deadline."

The American position is that the pasta issue—which involves a mere $35m of EC exports to the US—is much too small to precipitate a new trade war and that every effort should now be made to find a solution. No details of the latest American initiative were available last night, but US officials in Washington are standing by to fly to Brussels if there is any prospect of further progress.

Mr de Clercq, meanwhile, feels that up to now the US has not been negotiating seriously and yesterday left Brussels for a holiday in Greece.

Sri Lanka peace starts to take effect

GUNS FELL silent in Sri Lanka's war-torn north and east yesterday as a ceasefire came into effect and authorities prepared to receive weapons surrended by Tamil rebels, Reuter reports from Colombo.

A government member of parliament was shot dead and his son seriously wounded when violence erupted in the south in protest against the peace accord aimed at ending the island's ethnic conflict between the majority Sinhalese and minority Tamil populations.

Police said Mr Jinadasa Weerasinghe was ambushed in his car in Ratnapura district, south-east of Colombo.

Mr Ronnie De Mel, the Finance Minister and long-standing advocate of a peace accord, called for the resignation of his colleague in charge of security, Mr Lalith Athulathmudali, following the assault yesterday on visiting Indian Prime Minister Mr Rajiv Gandhi by a member of a naval guard of honour.

Officials said fighting between Tamil guerrillas and government troops in the north and east had ended following the peace accord signed between President Junius Jayewardene of Sri Lanka and Mr Gandhi in Colombo on Wednesday.

Mr J. N. Dixit, the Indian High Commissioner in Colombo, said: "Jaffna is peaceful and calm today. The rest of the province is also peaceful."

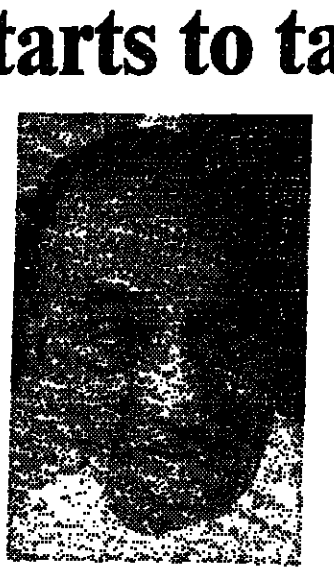
The northern Jaffna peninsula is the stronghold of Tamil guerrillas who fought a four-year war of independence for their minority community at the cost of more than 6,000 lives.

The rebels are expected to start surrendering their weapons today under the pact. Officials from Sri Lanka and India have moved to designated places in the two provinces to collect the weapons, official sources said.

They said the laying down of arms was stipulated to be completed by Monday evening but that this could be extended.

Mr Dixit said the 3,000 Indian troops who landed in Jaffna yesterday would ensure the cessation of hostilities and assist in the surrender or arms.

He brushed aside reports that a controversy had erupted over who should command the Indian troops.



President Jayawardene

"The Indian troops were sent to Jaffna to fulfil obligations stipulated for India under the agreement," he said. "They have been placed at the disposal of President Jayewardene who is the supreme commander of Sri Lanka's armed forces.

"They shall act on directions emanating from him," Mr Dixit added.

He also tried to dispel fears among people on the island that the Indian troops would remain as long as New Delhi desired.

Mr Dixit said: "Indian troops will be withdrawn when Sri Lanka wants them to."

He said two Indian frigates which arrived off Colombo yesterday carried Indian officers who would co-ordinate with Sri Lanka's naval headquarters joint operations in the Palk Strait.

The pact provides joint patrolling of the narrow strait to prevent the movement of rebels and arms from India to Sri Lanka.

Dixit said Indian troops had not been expected to arrive in Sri Lanka so soon after the signing of the pact. But on Wednesday evening after violence escalated in Colombo and outskirts, President Jayewardene requested Mr Gandhi to send them immediately.

The move enabled President Jayewardene to shift 1,000 Sr Lankan troops from the north in Indian Air Force planes to deal with the violence in Colombo.

Alexander's artful aid for Soviet space hopes

By Peter Marsh

ABOVE the atmosphere, Alexander Alexandrov is in the ascendancy, marking a giant leap forward both for space-age alliteration and also for the Alexander factor.

Alexandrov, a 44-year-old Soviet cosmonaut who has been aboard the space station Mir for a little over a week, has the most alliterative name of any of the 202 people who have left the earth's surface.

He is one of only nine spacefarers, six from the USSR and three from the US, to have their first and second names beginning with the same letter.

Alliteration has an obvious appeal to the world's masses. It means they can remember difficult Soviet names more easily.

It is thought that the Kremlin plans to exploit the USSR's lead over the US in alliterative names—other Soviet spacefarers have included Pavel Popovich, Vladislav Volkov and Svetlana Savitskaya—to hammer home the widening gap between the two countries in space developments.

The current Soviet lead in space has been largely due to the long break in US manned space flights due to the Challenger disaster.

As a result of the shutdown, Richard Richards, one of the US's squad of astronauts and Alexandrov's closest rival in the alliteration stakes, is grounded for the foreseeable future and has still to make his first flight.

Alexandov's explois illustrate the rapid development among the Soviet space community of the Alexander factor. Of the first 50 manned Soviet space missions, which started 26 years ago with Yuri Gagarin's epic voyage, only one involved a cosmonaut called Alexander.

The 12 manned flights which followed, however, carried into space an Alexander on no fewer than seven occasions. The culmination came on July 22 when Alexandrov travelled into orbit with two companions, one of them also called Alexander.

Extraordinarily, this was the first time that a Soviet space mission had involved two people with the same name, a notable advance for the Alexander tendency.

Until now, the USSR has been lagging surprisingly behind he US in its ability to manage space operations involving people with the same name.

For ground controllers, having spacefarers answering to identical sounds poses obvious difficulties. The US, however, has showed it can master these.

Two Walters went into space on the same US flight as long ago as 1968, while two Johns and two Roberts have also ventured forth together into the heavens.

According to Kremlin watchers, the strides made by the Alexanders in recent months could well signal the demise in the Soviet space camp of the rival Vladimir faction.

Until mid-1986, this group had enjoyed a remarkable run of success, in which 22 out of 60 Soviet space missions had had a Vladimir on board. In the past year, however, as the Alexander camp had strengthened, no Vladimirs have made it into orbit.

Peace offer in French air traffic dispute

BY GEORGE GRAHAM IN PARIS

FRANCE'S three-month dispute involving air traffic controllers was yesterday close to settlement.

Mr Jacques Douffiagues, the Transport Minister, offered concessions which would improve salaries and pensions for most older air traffic controllers. Unions have been concerned, however, that in a profession with an average age of only 36 the pension increases would benefit few members.

The Government has for years run into problems over reconciling the peculiar work patterns and lifespan of an air traffic controller with the rigidities of the civil service career structure. It has refused to include bonuses in the calculation of pensions, for fear that this would be taken as a precedent by other public sector employees.

Nevertheless air traffic controllers rejected by a 92 per cent majority last week Mr Douffiagues's proposal to set up a semi-autonomous air traffic authority which would take them outside the rules of the civil service.

If the dispute continues, it will become more costly for the controllers. They have until now followed a policy of selective strikes stretching from 6.30 am to 10 am and had their pay packets docked only for the hours they did not work. But controversial legislation, approved this week by the constitutional council, means that a full day's pay will be deducted even for a short stoppage.

The strikes have caused severe losses for French airlines. Air Inter, the domestic airline whose flights have been worst affected, estimates losses at over FFr 150m, while the international carrier Air France puts its losses at FFr 2m a week.

Further disruption was narrowly averted this weekend—the busiest day of the year as millions of Frenchmen set off for their traditional August holidays—when a court injunction stoppe dAir Inter pilots and mechanics from striking today an dtomorrow. The pilots have been fighting for a third officer in the cockpit of the new Airbus A-320, which was designed for a crew of only two.

US attacks Soviet human rights record

BY JUDY DEMPSEY IN VIENNA

BITTER criticism of the Soviet Union's human rights record was expressed in Vienna yesterday at a meeting of the Conference on Security and Co-operation in Europe (CSCE).

The comments were made by Warren Zimmerman, chief US delegate at the last meeting of CSCE before it went in to recess, reconvening in September. He also introduced new proposals regarding the right of individuals to free travel.

The meeting is essentially a revie wof the implementation of the Helsinki final act signed by 35 countries in 1975. It was supposed to have ended by yesterday. However, none of the 150 proposals sponsored by both sides had reached the drafting stages which would eventually find their way into a final document.

Moscow blamed the West for dragging their feet on drafting a document. The Western delegations accused the East bloc of not putting forward any concrete amendments or suggestions to the proposals.

The problem facing the West is that the two military and security proposals are now, unusually, on the table in Vienna, and they fear the Soviet Union will now let human rights issues drag.

Both sides know where they stand vis-a-vis a follow-up conference to the Stockholm meeton Confidence and Security Building Measures as well as a future "conventional stability" meeting involving the 23 Warsaw Pact and Nato countries.

"The military and security talks are more or less assured," one Western diplomat explained, "which means that the Soviets have got what they want on the military side. For them, the human rights basket simply doesn't matter."

Another Western delegate went further. "There is now no incentive for the Soviets to concede on any human rights issues. They have the military aspect sewn up. I have even heard them say that."

However, in a remarkable degree of consensus among the Western countries, they are determined to fight for a strong final document which would include major provisions on human rights. "We are not leaving until we achieve this," a Western delegate emphatically stated.

The West has three objectives: an adequate text on human rights and the humanitarian sphere, an adequate mechanism in place to ensure that what has been agreed on human rights issues, "really sticks," and major movement in key matters, such as amendments to repressive legislation. "Unless we actually see these things happening, no document will be worth the paper it is written on," says a Western diplomat.

Mr Zimmerman expressed this commitment to human rights in no uncertain terms. "At the beginning of this round we could count 131 releases of political prisoners. Since then the numbers have risen, but as far as we can determine have not yet reached 200, thus leaving nearly 500 known prisoners of conscience still incarcerated.

"The emigration picture remains one of unfulfilled promise. Jewish as well as German emigration from the Soviet Union continues at an increased rate. Still it is a rate which would only yield by year's end a Jewish emigration figure less than half the annual average for the whole decade of the 1970s."

Zimmerman also criticised the lack of Soviet commitment to glasnost. "There is an enormous disparity between actions being taken by the Soviet authorities at home and the Soviet proposals we are seeing here," he said.

The Soviet bloc is increasingly aware of this determination on the part of the west and it may concede on certain issues, especially since the Soviet delegation has proposed a follow-up meeting on "humanitarian issues" to be held in Moscow. The price for the west to agree to this meeting could be high.

Swiss economic upswing 'likely to continue'

BY JOHN WICKS IN ZURICH

SWITZERLAND is likely to continue its economic upswing for at least another three years, according to a report published by Swiss Volksbank in Berne.

The bank, which sees gross domestic product as rising by some 2.1 per cent in real terms this year, reckons with further increases of about 1.9 per cent next year, 2.5 per cent in 1989 and 2 per cent in 1990.

Domestic inflation is expected to remain low as a result of the Swiss national bank's restrictive money-supply policy, with an annual average of less than 2.3 per cent for the four-year period 1987/90.

At the same time, the Volksbank study points out that corporate profit levels have been satisfactory and capacity-use rates high despite substantial expansions. Investments are seen as continuing to increase, particularly in respect of equipment, over the coming years.

In real terms, exports are forecast as growing by 2.5 per cent both this and next year, 5 per cent in 1989 and a further 3 per cent in 1990.

Imports seem likely to increase even faster on average, the "structural deficit" on merchandise trade meaning that Switzerland does not need to resort to special measures to reduce its surplus on current account. As the bank points out, this is accounted for largely by net capital income.

Czech communists tighten grip on state companies

BY LESLIE COLITT IN BERLIN

CZECHOSLOVAKIA'S Communist party is to strengthen its control over the management of state companies, according to a senior official responsible for the economy. This is despite an economic reform which would considerably broaden the independence and responsibility of companies.

Mr Milos Jakes, a member of the ruling praesidium of the Communist Party and the central committee secretary in charge of economic policy, said management of state companies was to be conducted on the basis of democratic centralism.

Mr Jakes said party organisations in companies would continue to control economic management and the self-management bodies of companies. This was the fundamental difference from the economic reforms planned in 1968 which suppressed the leading role of the party within the companies and weakened the central plan. Czechoslovakia's short-lived reformist Communist leadership under Mr Alexander Dubcek was deposed after the Soviet occupation in 1968.

The Czechoslovak official, writing in the main communist newspaper Rude Pravo said the need for economic reform was underscored by the problems and difficulties in implementing the plan for faster economic growth during the first two years of the five year plan.

The party praesidium said recently there had been little progress in improving economic performance. Growth of less than 2 per cent in the first half of the year had slowed, and technological innovation had failed to show progress.

Unsold stocks continued to rise after growing by Koruna 5.6bn last year instead of being reduced by the same amount.

Czechoslovak economists noted recently that East Germany's economy, which was roughly equal to Czechoslovakia's 25 years ago, was now about 20 per cent ahead.

Yugoslavia, already suffering from an annual inflation rate running at more than 100 per cent, has been hit by a new wave of price increases on such essential items as bread, coal and electricity, Reuter reports from Belgrade.

Reagan 'refused pardon for North and Poindexter'

PRESIDENT REAGAN rejected a pardon for Vice Admiral John Poindexter and Col Oliver North, saying "I'll be darned if I'm going to accuse them of a crime," former White House Chief of Staff Donald Regan told the Iran Contra hearing yesterday.

He said the idea was suggested to Mr Reagan in December, a month after a scandal broke over secret White House arms sales to Iran and the possibly illegal diversion of profits to Nicaragua's Contra rebels.

"Somebody brought it up to him—it was shut down right away. That was something the president wouldn't even listen to," Mr Regan said.

"His reasoning went along this sort of line — the grant of pardon means you think somebody's committed a crime . . . and he didn't know what the crime was.

Admiral Poindexter resigned as National Security Adviser, and Col North was fired from the National Security Council last November after the scandal was exposed.

Brazil party leaders take tough line on debt talks

BY IVO DAWNAY IN RIO DE JANEIRO

LEADERS OF Brazil's majority Democratic Movement Party (PMDB) have refused to back Finance Minister Luiz Carlos Bresser Pereira's plan to negotiate a deal on the country's foreign debt with the International Monetary Fund.

After a meeting between the minister and party leaders Dr Ulysses Guimaraes, PMDB president, would only say that the IMF remained a "dirty word" for the party. However, Mr Bresser insisted that a decision on the ultimate role of the Fund in a new debt rescheduling had still not been taken.

It emerged that the minister had unsuccessfully attempted to persuade the party's leadership that a deal needed to be done with the IMF to release new money for Brazil. In particular, he is anxious that the country should win a good proportion of new Japanese development funds.

Since announcing the initiative, Tokyo has insisted that the bulk of these resources will be administered through the Fund and the World Bank, and according to orthodox criteria and conditions.

PMDB policy has long ruled out any new agreement with the IMF on the grounds that it would conflict with national sovereignty over economic policy.

But Brazil now wants to end its February moratorium on interest payments on $68bn of bank debt and to clear the path for a full rescheduling of its liabilities. So far, however, the country's return to orthodoxy has not included an agreement to go back to the IMF.

The banks and sovereign country lenders are insisting that Brazil accepts the Fund as a key condition for a new accord. After his week-long visit to the US last month, Mr Bresser has devised a face-saving formula.

He wishes to enter talks with the private banks in September, and return to the IMF only after the broad outline of a deal has been hammered out. Such a strategy would mean he could insist that Brazil had determined a way through the debt issue with its sovereignty intact.

But the approach is being treated with extreme caution by party leaders.

Senate leaders vow to revamp budget issue

SENATE Democratic and Republican leaders vowed yesterday to keep lawmakers working as long as necessary to complete work on a bipartisan compromise to revamp the Gramm-Rudman budget-balancing law, AP reports from Washington.

Mr Robert Byrd, majority leader, said action on the amendment could not be put off. Congress is leaving for its summer recess at the end of next week.

"This is a thorny matter," he said. "This is one thing we can't leave here and just walk off home."

Sen Bob Dole of Kansas, the Republican leader, promised to help keep the legislation from getting tied up with other, non-related amendments.

The Senate was expected to vote yesterday on the amendment to restore automatic spending cuts to the budget law.

Canada wants to clamp down on 'boat people'

By Robert Gibbens in Montreal

CANADA'S Prime Minister Mr Brian Mulroney plans to recall parliament to clamp down on "boat people" being smuggled ashore on the country's east coast.

The Government wants to pass legislation imposing stiffer fines and prison terms for those caught smuggling illegal immigrants into Canada and providing greater powers to deport immigrants who cannot prove genuine refugee status.

The Government is trying to minimise the risk of terrorists entering the country.

The bill would also speed up the processing time for immigrants, but church groups and other opponents charge that the new tightened system would mean that many genuine refugees would be turned away.

The Immigration Minister Mr Benoit Bouchard confirmed that the Government is investigating reports received by the Canadian Embassy in Brussels that another boatload of Asian refugees is headed to Canada from Antwerp.

Syed Kamaluddin in Dacca reports on a series of strikes and rallies threatening Bangladesh's military ruler

Shaky opposition alliance raises pressure on Ershad

EFFORTS by the opposition in Bangladesh to oust President Hussain Mohammad Ershad, the military ruler who took power in a coup, seem to have come to a halt for the time being after a two-day strike which brought much of the country to a standstill last week.

The opposition, united for the first time and led by Sheikh Hasina, was thwarted in its attempt to lay siege to the president's secretariat and force his resignation.

About 2,000 riot police barricaded the main route to the secretariat as 20,000 opposition activists converged. While her supporters chanted anti-Ershad slogans and burned effigies of the President, Sheikh Hasina, daughter of the late Sheikh Mujib, first President of Bangladesh, called for another strike for tomorrow.

The government has banned all marches and rallies in the vicinity of the secretariat for the next two weeks. The failure was compounded by the mutual suspicion of the two main opposition alliances—the eight-party group led by Sheikh Hasina's Awami League and the seven-party group led by the Bangladesh Nationalist Party.

The anti-government agitation has been stepped up since the passage two weeks ago of the controversial local government amendment bill which provides for the military to be represented in district councils along with the district level civilian officials as non-voting members. There will be one military representative in each district. All the elected chairmen of the union councils, the lowest tier of local government, municipal committees and members of parliament of the district would become ex-officio members with voting powers.

Sheikh Hasina argues that the bill is aimed at militarisation of the administration and is "a clear manifestation of the ruling party's intention of dragging the armed forces into politics." Mr Mizanur Rahman Chowdhury, the Prime Minister, said the bill merely formalised the army's participation in the country's development activities. He ruled out the possibility of inducting the army men into politics.

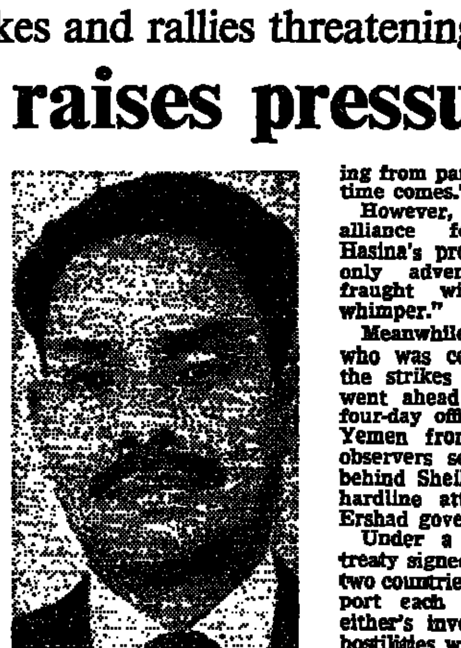
The passage of the bill followed one 24-hour and two six-hour-long strikes between July 12 and 14 and a countrywide strike from July 22, accompanied by widespread violence and rioting.

Sheikh Hasina surprised her alliance partners and other opposition alliances by unilaterally announcing the laying of a siege around the president's secretariat on Thursday.

Apparently she did it to retain the initiative and to try to restore her party's standing which suffered when she made a last-minute decision to participate in parliamentary elections last year. At that time, the BNP and its allies accused the league, backed by New Delhi, of making a tacit deal with the Ershad regime. The league openly pursues pro-Indian policies and is known to maintain close ties with the Indian ruling Congress-I Party.

Sheikh Hasina was apparently convinced that her chief political rival, Begum Khaleda Zia, BNP chairman and widow of late President Zia ur Rahman, who refused to participate in the parliamentary poll under martial law, was gaining popularity by sticking to the present persistent demand for Mr Ershad's resignation.

Moreover, Begum Khaleda's accusation that Sheikh Hasina and her party were acting as the Government's "B-team" was also causing problems within the Awami League ranks.



Hussain Mohammad Ershad

Over the past year, Begum Khaleda has repeatedly urged opposition MPs to resign from parliament and launch a united movement against the regime to force it to dissolve the house and hold an election under a neutral government.

Sheikh Hasina has been resisting this call but this time she herself has talked about resigning from parliament "when the time comes."

However, the seven-party alliance felt that Sheikh Hasina's programme was "not only adventurous, but also fraught with ending in a whimper."

Meanwhile, President, Ershad who was confident even after the strikes during July 12-14, went ahead with a scheduled four-day official visit to North Yemen from July 15. Some observers see an Indian hand behind Sheikh Hasina's sudden hardline attitude towards the Ershad government.

Under a 25-year friendship treaty signed in early 1972, the two countries are obliged to support each other in case of either's involvement in armed hostilities with a third country. Lately, Dacca has indicated that in the event of the Indo-China border dispute flaring up, it would remain strictly neutral.

Apparently, President Ershad is known to be giving credence to reports about covert Indian involvement in the unrest in Bangladesh. His recent stop over in Karachi on the way back from North Yemen, arranged at short notice, where he was greeted by President Zia-ul Haq, was presumably designed to send a message to Delhi.

The Awami League has other domestic compulsions. For example, it is at loggerheads with the military establishment known for its antagonism for the league's pro-Indian policies.

The league is convinced that as long as the military is able to call the shots, it would have little chance of coming to power. Therefore, Sheikh Hasina has taken advantage of the district council bill to embarrass the Ershad regime and discredit the armed forces by making it a public issue.

However, the sudden change in Sheikh Hasina's attitude from hard to soft line towards a sustained anti-government agitation was described by other opposition alliances as "disappointing."

These divisions in the opposition camp, coupled with heavy monsoon rains throughout the country, are expected to provide a much-needed break to the government.

The success of a united opposition movement, however fragile that may seem at times, would largely depend on whether after the Moslem holidays early this month, it will be able to sustain the political tempo generated after so much agitation, strikes and loss of life.

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Zimbabwe rejects call for S Africa trade sanctions

BY TONY HAWKINS IN HARARE

AFTER TEN days of confusion and indecision the Zimbabwe Cabinet has rejected a proposal by Mr Robert Mugabe, the prime minister to impose trade sanctions on South Africa.

Business leaders were told last week by ministers to prepare for a trade ban with South Africa, which supplies 21 per cent of its imports and buys 10 per cent of its exports. But following vigorous private sector representations and deep divisions within the cabinet, the government has backtracked.

The issue has been virtually ignored by the local media but a government spokesman was yesterday quoted as saying that people should not be misled by foreign newspaper reports suggesting that trade sanctions against South Africa were imminent.

Robert Mugabe: embargo demand rebuffed

There is little doubt that the government is gravely embarrassed by the episode. It has highlighted cabinet divisions over sanctions and provided a rebuff to Mr Mugabe.

The Government has established two sub-committees, one comprised of cabinet ministers and the other of officials, to promote the delinking of the economy from South Africa. Businessmen believe the Cabinet was convinced by the evidence put forward by the economic ministers that Zimbabwe could not afford an economic embargo of South Africa.

Ministers were told that the Mozambique port of Beira is handling less than 30 per cent of the country's foreign trade — rather than the 40 per cent claimed by the Beira Corridor Group — and warned that industry, mining and agriculture were unable to sever trade links with Pretoria at this stage.

Aside from the damage to the government's credibility, there is little doubt that the episode has damaged trade links with South Africa. South African traders have been given a clear signal that Zimbabwe will reduce trade relations as rapidly as possible. Other importers of Zimbabwe's tobacco, minerals and other primary products are likely to have taken the hint that their trade could well be interrupted by sanctions. The clear message is that Zimbabwe is politically committed to sanctions against Pretoria as and when these can be imposed without seriously damaging the economy.

Tokyo opposition parties stage protest over tax reform plan

JAPAN'S MAJOR opposition parties yesterday boycotted the Diet (Parliament) in protest at proposals to end tax concessions on savings accounts, AP reports from Tokyo.

The boycott effectively stalled Diet deliberations on major economic legislation proposed by the governing Liberal Democratic Party. The deadlock is likely to last until after the traditional "O-bon" holidays, which end on August 17.

The Japan Socialist Party and several other opposition parties imposed the boycott after the Cabinet approved the tax reform yesterday morning.

The Liberal Democrats' efforts to enact a comprehensive tax reform, which involves 1,300bn yen ($8.6bn) in tax cuts and elimination of the tax-exempt "maruyu" savings system, has raised strong criticism from opposition parties.

The maruyu system allows an individual to save up to Y14m tax-free in bank and postal accounts, public bonds and company savings programmes. The tax-exempt system was established to encourage a high level of savings so that financial institutions would have more funds for loans and development.

Yesterday's decision calls for a 20 per cent tax on all savings and deposits from January 1.

The opposition objects to ending the maruyu system because the small saver and low-income families would be affected by the tax, although the proposal would allow the elderly and fatherless families to keep their tax-exempt status.

The latest tax reform plan does not include a controversial sales tax proposal that Mr Yasuhiro Nakasone, the Prime Minister, attempted to pass in the previous Diet session.

A tax package, which would have been the most sweeping overhaul of Japan's tax system since 1950, was introduced in January, with Mr Nakasone arguing the reform was needed to ensure fairness and continued economic growth.

In a major blow to Mr Nakasone, a proposal for a 5 per cent sales tax, which became a key issue and cost the LDP heavy losses in local elections this spring was shelved in April to persuade opposition parties to stop delaying tactics that were preventing a vote on 1987 fiscal budget.

The latest tax reform plan will be submitted to the Diet as soon as the LDP persuades the opposition parties to return.

The LDP has 304 seats in the 512-seat House of Representatives.

Japan's jobless at record 3.1 per cent

JAPAN'S jobless rate hit a record 3.1 per cent for the first six months of this year, the worst since the survey was started 34 years ago, the Statistics Bureau of the Prime Minister's Office announced yesterday, AP reports from Tokyo.

But the seasonally-adjusted rate for June edged lower to 3.0 per cent of the labour force, down from May's record 3.2 per cent. The May figure, at the time, surpassed the prior records of 3 per cent set in January and April.

Japan's jobless rate has been increasing due to the adverse effect of the yen's appreciation against the dollar. Since September 1985, it has risen about 70 per cent against the dollar.

According to bureau officials, the number of jobless rose by 150,000 in June to 1.76m. Of the total, 1.06m were male and 700,000 female.

The country's combined workforce by the end of June totalled 59.96m, an increase of 640,000 from the previous year. Ministry officials attributed the increase to the employment growth in the service industry.

In Japan, military personnel and people who work more than one hour in the last week of the month—when statistics are tabulated by the government—are counted as employed.

In the US, these people would be counted as unemployed.

Britain acts to ease Unctad deadlock

By William Dullforce in Geneva

RICH and poor nations meeting in Geneva yesterday remained deadlocked over crucial trade and debt issues, despite a concession by Mr Alan Clark, Britain's Trade Minister, which helped to remove one obstruction.

The seventh session on the UN Conference on Trade and Development (Unctad) yesterday ground on beyond its scheduled end despite the efforts of several task forces set up by Mr Bernard Chidzero, the Zimbabwean conference president, to resolve the differences.

Mr Clark, reportedly after obtaining the approval of Mrs Margaret Thatcher, changed the British position towards the Integrated Programme for Commodities (IPC) under which since 1976 Unctad has been generating international commodity agreements.

Against dedicated opposition from many developing countries, the industrial nations have sought to turn Unctad away from the IPC price-stabilising approach towards market-orientated diversification projects for countries that rely heavily on exports of commodities.

After Britain had agreed to accept wording in a final conference document that would imply recognition of the validity of the IPC, most other industrialised countries followed suit.

However, at noon yesterday with 12 hours to go to the scheduled end of the three-week north-south consultations, Mr Prosper Thuysbaert, the Belgian spokesman for the industrial countries, said seven or eight major issues remained to be settled. A fundamental difficulty has been the industrial nations' reluctance to move beyond commitments on trade and debt outlined in communiques from the Venice summit and the last ministerial meeting of the Organisation of Economic Co-operation and Development.

Developing countries want agreement on a global approach to the debt issue which would incorporate some degree of debt forgiveness or write-down and limits to debt servicing.

Mr Thuysbaert repeated that no big policy changes could be expected. Developing countries' debt problems must continue to be solved case by case in the appropriate international organisations and with respect for the conditions these agencies might impose.

Hopes of avoiding a breakdown that would impair north-south co-operation in the current trade-liberalising round under the General Agreement on Tariffs and Trade remained strong

Andrew Whitley assesses the latest prospects for shipping in the Gulf

Tanker war windfall for Dubai

TWO WEEKS ago, just before the UN Security Council demanded a ceasefire on all fronts between Iran and Iraq, Iraqi warplanes swept over the Gulf to strike a pre-emptive blow against three Iranian offshore targets, turning them into fiery ruins.

According to the pattern of the past few years, Iran would have felt bound to retaliate in kind. Instead, with the exception of the unfortunate Kuwaiti supertanker which hit a mine — "laid by unknown hands" —while under escort by the US navy, all has been ominously quiet.

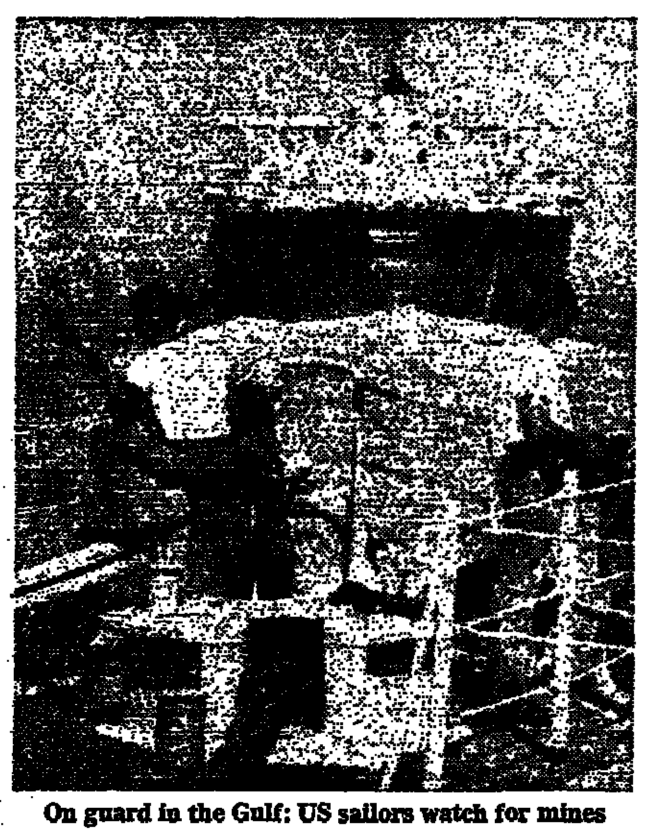
How long the lull in the fighting at sea will continue, and whether it just might turn into a permanent halt, is a question the world shipping industry would dearly love to be able to answer. The conflict has already resulted in the loss of 8m tonnes of shipping, equivalent to a third of all merchant vessels sunk during World War 2.

Since last summer both Iran and Iraq have intensified their "tit-for-tat" attacks on both tankers and offshore oil installations. The recent discovery of Iranian-laid mines in the navigation channels leading to Kuwait's oil terminals was simply the latest twist on a struggle which has seen the use of everything from air-fired Exocet missiles to machine guns.

Recent Iranian threats clearly imply that it will resume the tanker war if Iraq does — possibly carrying it to the door of those countries like the United Arab Emirates which had previously escaped largely unscathed.

Over the past year Iranian Phantoms have attacked two tankers anchored within the UAE's waters, one just six miles from Dubai, and there was also an attack last November on one of Abu Dhabi's offshore oilfields. But that is the closest the war has reached this corner of the Gulf, which has emerged in recent years as the unchallenged shipping centre of the region.

Partly for commercial reasons unconnected with the conflict, partly because of an increasing reluctance on the part of some countries' seamen to enter the Gulf — notably the Japanese — overall shipping traffic has declined significantly. Last year, for example, the inflow of goods into Dubai, which has been a relatively thriving entrepot, was down by more than 10 per cent.



On guard in the Gulf: US sailors watch for mines

To a considerable extent this downturn has been cushioned for the low Gulf by a series of windfall benefits from the war. With many international shipping agents and service organisations reluctant these days to operate out of Iran, freewheeling Dubai has been the natural beneficiary of business previously conducted from the other side of the Gulf. Socially relaxed and economically liberal, it has also drawn custom away from Kuwait at the more dangerous head of the waterway. It is now the hub of resupply operations in the Gulf, dispatching seamen home by air and bringing goods in from all over the world.

The established anchorage for shipping just outside the Gulf is off Khor Fakkan in the Gulf of Oman, which Kuwaiti tankers have been using for a year for ship-to-ship oil transfers. At any one time, between 60 and 80 vessels are anchored along the UAE's eastern coastline, disappearing in the heat haze by day but lighting up with Christmas tree strings of bulbs at night. Many are tankers awaiting their owners' instructions, to enter the Gulf through the nearby Strait of Hormuz to load up with Arabian oil. Others, deterred by the risks posed, for example, by an Iraqi Exocet or an Iranian mine, are standing by for oil being brought down from the oilfields by braver carriers.

An additional boost to Dubai's role as a supply centre for the shipping business came from the establishment by Iran in 1985 of a southern anchorage away from the fighting.

Here, near Sirri Island, tankers could load from other vessels operating a dangerous shuttle to Kharg Island, Iran's main oil export terminal, in comparative safety. But in June 1986, Iraqi aircraft made their longest distance raid so far, attacking the ships at anchor. So the operation moved again: this time to near the islands of Hormuz and Larak, right inside the Strait. The weather is not good there, particularly during the approaching monsoon season, but a second attack by Iraq on Sirri finished off any remaining hopes of returning to that base.

In Dubai and neighbouring Sharjah are based the ship chandlers and bunkering companies without whom the tanker runs—on both sides of the Gulf —would not be feasible. And when the vessels need to be repaired Dubai shipyards have the biggest and best-equipped dry docks for over 1,000 miles. Almost certainly, it is here that the Bridgeton, the mine-damaged Kuwaiti tanker, will come once it has completed its return run down the Gulf

The salvage business — labelled derisively by other shipping men as "scavenging" or "ambulance chasing"—has also been flourishing lately. International Marine Services, the Dubai-based company which is part of the Al Fayed group, had one of its large fire-fighting tugs within hailing distance of the Bridgeton when it was hit last Friday. But, for once, its services were not needed.

IMS points out, however, that prospects are much brighter once the war ends: what with clearing up all the wrecks littering the Gulf, and repair work on offshore oil platforms either damaged or neglected for many years. Some businessmen go further and say that the region's reconstruction needs after the war could generate a five-year boom, banishing all their present woes.

Those hopes would, inevitably, be destroyed if the tanker war were to flare up again, with an intensity which carried it to the new southern anchorages.

Peter Marsh looks at a little-noticed aspect of privatisation policy

'For sale' signs on state laboratories

CADCENTRE, until four years ago a government-owned research laboratory and now a private company selling software for computer-aided design, is trying to raise £3m from new shareholders to fund its 30 per cent annual growth.

The company, which employs 160, 15 more than at the time of privatisation, will achieve a profit for the first time this year on sales of £7m, according to Mr Bob Bishop, managing director.

The Cambridge-based company, formerly part of the Trade and Industry Department, provides one illustration of a little-noticed aspect of the Government's privatisation policy—the selling of state laboratories.

Since 1982, the Government has sold four research centres, with the Plant Breeding Institute, near Cambridge, due to join the list shortly.

The institute is being sold, with most of its staff and the related National Seed Development Organisation, to either Booker, Unilever or Imperial Chemical Industries which have been shortlisted by the Government. The successful company, due to be named in the middle of the month, may have to pay up to £50m for the package.

No further sales of state laboratories have been announced, although unions representing staff at such establishments fear more could be on the way.

A rash of sales, which could apply particularly to laboratories run by the Defence Ministry or which are concerned with agricultural applications, could follow as part of a new thinking in Whitehall on research and development policy.

Ministers are keen to make government-backed research more relevant to industrial needs and to encourage companies to fund a higher proportion of research and development spending.

The main aim of the privatisation measures so far has usually been to "add a spur" to the work of the centres, according to the Education and Science Department which controls funds for more than a dozen laboratories run by its five research councils.

In each case, the work at the laboratory that has been sold has been at the applied end of the research and development spectrum. The Government's motivation was that the work of the centres lent itself to the private — rather than the public — sector.

In all the cases except for the Plant Breeding Institute, which is a repository of commercially applicable knowledge in seed culture and genetic engineering for which companies are willing to pay highly, the research centres have commanded low prices.

Mr Roger Quince of Segal Quince Wicksteed, a Cambridge consultancy, said: "For those institutes which are concerned mainly with applied work, privatisation is inherently a good thing because it brings them closer to the market place.

Trade unions which represent government scientists and clerical workers affected by the changes have a different view.

Mr Tony Cooper, assistant general secretary of the Institution of Professional Civil Servants, said: "Often these measures are a way of the Government either getting rid of civil servants or cutting back on its (research) obligations."

Mr Reg Williams, negotiating officer at the Civil and Public Services Association, said the union was worried that more sales of state research centres might be in the pipeline. These could threaten long-term research programmes which were important to the nation's future but which the private sector might not want to fund, he said.

Privatisation seed to 'add a spur' to work of the state laboratories

In the case of three of the four privatisation deals so far, the Government has eased the transition of laboratories into the private sector by promising funds for a number of years.

CADCentre, which is owned by a consortium headed by ICL, Britain's biggest computer group, was told it could draw up to £3m over three years from the Trade and Industry Department to make up for any commercial deficit, although in the event it needed to take only £1m. In addition, the Government gave the company £2m worth of contract work.

Bob Bishop: 'about to achieve a profit'

According to Mr Bishop, formerly an executive at Turner and Newall, the materials group, which took over at CADCentre two years ago, the company has succeeded by becoming more businesslike.

By focusing on its strengths the company had been able to grow in spite of heavy competition from the giants of the computer-aided design industry such as IBM.

While the consortium which owns CADCentre—other members of which are W. S. Atkins, a consultancy, and Cambridge University — had to pay the Government £1m to buy the laboratory, the new owner of the Animal Research Station, also in Cambridge, bought it for nothing.

The station, formerly part of the Agricultural and Food Research Council, was handed over last October to a company called Animal Biotechnology Cambridge.

The company gave the research council £50,000 for the right to use techniques it had developed concerning test tube methods used to fertilise eggs from animals.

So far, Animal Research Cambridge has concentrated on breeding projects. To fund these, it has raised £1.5m from City-based venture-capital groups led by . M. Rothschild.

The first privatisation of the series was the 1982 sale of the Hydraulics Research Station, formerly part of the Environment Department and based in Wallingford, near Oxford.

The station, which specialised in research related to civil engineering projects was handed over to a newly formed company, called Hydraulics Research, for £1.

As part of the deal, the Government agreed to put substantial funds behind the organisation, which employs many of the one-time civil servants who worked at the former laboratory.

The Government cash pays for strategic research in areas such as soil erosion and accounts for about 40 per cent of the company's annual income of £7m. There are 280 employees, 30 more than at privatisation.

The south-west London-based National Maritime Institute, which was owned by the Trade and Industry Department was sold in 1982 to a new company.

In spite of agreed government funding of £14m over five years, the company, which is involved in shipping research, hit financial problems. Two years ago, it was forced to merge with the British Ship Research Association to form British Maritime Technology.

Mr David Goodrich, managing director of BMT, who was formerly managing director of the research association, said there had never been much hope of the National Maritime Institute surviving post-privatisation in its original form. Its biggest potential customer, the UK shipping industry, "was going down the tubes," he said.

New thinking in Whitehall on Britain's research and development policy

Today, only 150 of the institute's workforce at privatisation of 280 remain in BMT, out of total staff of 480.

BMT was on course for survival, Mr Goodrich said. It had reduced its efforts in shipping technology and was steering into new areas such as defence technology, which it hoped would keep it afloat.

DHSS in contracting out study

By David Thomas

THE DEPARTMENT of Health and Social Security is looking at ways of contracting out more of its activities, including its computer operations, which have been at the centre of several industrial disputes.

The department's unions are strongly opposed to the plans, which they believe are designed to undermine their ability to carry out industrial action.

The department has nearly finished a study of whether more of its activities could be contracted out. The study looks beyond activities such as cleaning which have been the most common targets for privatisation in the past.

A synopsis of the initial conclusions of the study were given to the department's unions and managers last week.

Mr Jim Boyd, assistant secretary at the Society of Civil and Public Servants, representing middle grades in the civil service, said the department had mentioned computer centres and compliance work as among the areas for possible privatisation.

Referring to the department's computer operations, Mr Boyd said: "These are the key areas where we have taken industrial action, so if they de-unionise them by putting them in the private sector, they are taking them out of the area of industrial action."

The department would not confirm which areas are covered in its contracting out study, which it hopes to finish later in the summer.

The department, in common with other government departments, has been giving more of work associated with introducing new computer systems to outside consultants. The DHSS is in the middle of one of the biggest computerisation projects in the country.

Decline in acid rain reported

By David Fishlock

LESS ACID RAIN fell over Britain between 1981 and 1985, compared with the period 1978 to 1980, according to government scientists monitoring the environment.

The scientists, from universities and other research centres, say there are year-to-year variations caused by the weather.

The group says UK emissions of sulphur dioxide have been declining since the late 1960s, but emissions of nitrogen oxides have changed little since 1970.

Acid deposition in the UK 1981-86. Available from Warren Spring Laboratory, Gunnels Wood Road, Stevenage, Herts SG1 2BX. £10.

Business rate to vary nationally

BY IAN HAMILTON FAZEY AND RALPH ATKINS

UNIFORM business rates, which the Government plans to introduce alongside community charges, will not be standardised between England, Scotland and Wales.

The Environment Department yesterday confirmed the business rate will be set independently in each country. In the first year of operation it will be based on the average rate paid under the present system.

This would mean a uniform rate for English companies of 224p in the pound if the system were in operation today.

A national uniform business rate had been favoured by many businesses in Scotland because they calculated they would pay less.

However, civil servants are understood to have told the Government a combination of a shortage of resources in the Inland Revenue and a backlog of appeals against last year's Scottish revaluation mean agreement would have been impossible in time for the change.

The system is to be introduced in 1989 in Scotland and 1990 in England and Wales.

A national business rate could only have been introduced if agreement had been achieved between England, Scotland and Wales on law and the way property valuations are carried out. Scottish law will not be finalised until all the appeals have been heard.

The Revenue was also understood to be worried about delivering the English and Welsh revaluations on time because of a national shortage of valuers. The last English and Welsh revaluation was in 1973 and there is therefore a severe skill shortage in this area.

Scotland, by contrast, revalues by law every five years using the Scottish Assessors, a body set up for the purpose which is able to call on any resources it needs.

A harmonisation steering committee comprising Scottish Assessors and the Revenue had come to the conclusion there would have to be different business rates for Scotland, England and Wales, at least for some years.

This is causing concern in Scotland where business leaders believe a national uniform business rate would bring economies of scale and a consequent fall in what they at present pay. Present anomalies include Jenners, famous store in Princess Street, Edinburgh, paying three times as much in rates per sq ft as Harrods store in London.

Shortage of Inland Revenue staff in England and Wales has also led the Government to opt for what skilled valuers see as the most arbitrary method of valuing industrial and commercial property anyway. This is known as the "as at" method and involves taking a nationwide valuation snapshot on a single date.

The date that has been chosen is understood to be April 1, 1988.

Jobcentres 'fail to meet demands of employers'

BY CHARLES LEADBEATER

JOBCENTRE employment services are failing to meet the needs of employers and those seeking work, according to Reed Employment, a recruitment agency.

A survey commissioned by the company found 38 per cent of personnel managers were not satisfied with the Jobcentre service. There were significant mismatches between employers' demands and the services provided.

The survey will fuel debate about the future of the Jobcentre service, which is to be integrated with the unemployment benefit payment system.

It is expected that private sector employment agencies will urge the Government to use the reorganisation to direct Jobcentres to concentrate on vacancies for the long-term unemployed, leaving other vacancies to be handled by recruitment companies.

The survey found that 58 per cent of personnel managers regularly attempt to recruit secretarial staff through Jobcentres, and 78 per cent use them to recruit clerical staff. However, only 15 per cent of Jobcentre applicants are looking for office work.

In contrast, 32 per cent of companies use private recruitment agencies to find unskilled labour, which is the sector of the labour market on which Jobcentres concentrate.

Reed said Jobcentres should concentrate on the unskilled sector of the market, especially in the north, even at the expense of Jobcentre closures

BP to construct £15m Scottish gas pipeline

By Lucy Kellaway

BP is to build a gas pipeline from St Fergus to Cruden Bay in north-east Scotland to link its Forties fields system with the gas reception terminal owned by Total and Elf.

The 24 kilometre line, announced yesterday, will cost £15m and will employ 50 people for about six months. Initially it will carry gas from the Alwyn field through the Forties pipeline to BP's processing facility at Kinneil.

The pipeline, capable of carrying 50,000 barrels a day, will have the capacity to take gas from the new generation of fields likely to be developed over the next few years in the central North Sea.

Sydney spy book court reserves judgment

BY CHRIS SHERWELL IN SYDNEY

FINAL SUBMISSIONS were made in the New South Wales Court of Appeal yesterday by both parties on the fifth day of the Spycatcher legal case in Sydney.

The British Government is seeking to overturn a state supreme court decision last March allowing publication by Heinemann Australia of Spycatcher, the memoirs of Mr Wright, a former M15 officer.

At the conclusion of yesterday's session the three-man bench reserved judgment on the main issue. There was no indication when they might announce a decision.

The judges made it plain that Thursday's Law Lords' decision—which prevents the publication in Britain of any of Mr Wright's allegations, or any *mention of the allegations* made in the Australian courts—would not affect the outcome of the case *before them.*

Chief Justice Sir Laurence Street said of the state supreme court judge's finding: "We have to look at Mr Justice Powell's decision on the basis of the evidence before him."

Mr Theo Simos, QC, for the British Government, acknowledged that as a result of the case Mr Wright and Heinemann might end up as the only two not allowed to publish the information in Mr Wright's book.

"There will be pirate under-the-counter versions," Mr *Justice Michael Kirby suggested.* "Maybe," replied Mr Simos, "So be it. We are not concerned with that."

"What is the benefit of that?" asked Mr Justice Kirby. Mr Simos replied: "Mr Wright and Heinemann will be led to understand they cannot get round the obligation of confidence or fiduciary duty which is owed."

Mr Malcolm Turnbull, representing Mr Wright and Heinemann, reminded the court that his case was not based on the proposition that officers of a country's secret service could write what they liked. "We disavow that," he said.

"We say it depends on the content. We say we can publish because the obligations of confidence are referable to information."

The information in Mr Wright's book, quite independently of the book's recent US publication, was already in the public domain, having been authorised or acquiesced in by the British Government, he argued.

He detailed the British *role* in allowing the publication of two books by Mr Chapman Pincher and one by Mr Nigel West and in allowing two *television interviews to go ahead,* one with Miss Cathy Massiter, a former MI5 agent, and one with Mr Wright.

The mass of these and other publications gave the lie to the whole thesis of detriment, Mr Turnbull said.

If there was confidential information in Mr Wright's book, Mr Turnbull told the judges, they had only three choices. These were: to say to the British Government it was too late to intervene because the Government had been given *ample opportunity* to stipulate what was sensitive; to repeat Mr Justice Powell's actions and read all the *relevant books and* Mr Wright's manuscript in order to arrive at a conclusion on the facts; to return the case to Mr Justice Powell with directions to the parties to go through the manuscript and try to agree on its contents.

Dealing with the Australian Government's general contention that publication would be against Australia's national security interests, Mr Turnbull analysed the *reasons given* by Mr Michael Codd, Australian Cabinet Secretary.

He asked whether Mr Wright's book really added to public knowledge of the intelligence services. Were there not statutory bars on Australian *intelligence officers designed to* prevent disaffected members of the service being encouraged to make similar disclosures?

As for Canberra's concern that other agencies might feel Australia was not capable of protecting its information if this case did not succeed, this argument was fallacious, Mr Turnbull claimed.

The fact was that all Western agencies ha dto bear the consequences of the manuscript review policy of the US. It was with Washington that both Britain and Australia had their most important intelligence relationship.

The evidence was that the US Central Intelligence Agency had an approach which would allow Mr Wright's memoirs to be published. There would be no detriment in adopting a similar approach elsewhere, Mr *Turnbull said.*

Mr Simos argued that the CIA might think less of the British secret service if Britain was unable to maintain its own, *different rules of confidentiality.*

The judges questioned this. "The US has a vetting procedure. Your client's information comes into the public domain covertly," Mr Justice Kirby told Mr Simos. "Practically speaking, the Amerciane know this is *the technique adopted.*"

Mr Simos replied: "There is *no* evidence that my client adopts this technique."

Mr Justice McHugh persisted. "Mr Turnbull says the Government's footprints are all over the place. Robinson Crusoe did not need to see anybody to know someone was on the island."

Mr Simos maintained: "The Government by its conduct did not give permission *for Peter* Wright to publish." The British Government had not surrendered its right of confidentiality against Mr Wright. As for Mr Pincher, "we say that, relevantly, he was not an insider."

The proceedings ended with *Chief* Justice Sir Laurence Street reiterating that the existing injunction remained in *force until final determination* of the appeal.

Magistrates 'misused' Contempt of Court Act

Financial Times Reporter

MAGISTRATES were wrong to ban publication of the address of a former Conservative MP, who appeared before them accused of a motoring offence, the High Court ruled.

Lord Justice Watkins and Mr Justice Mann said that Evesham magistrates had "misused" the provisions of the 1981 Contempt of Court Act by banning publication of *the address of* Mr Philip Hocking, former MP for Coventry South, in January.

But *in another case, the* judges decided that Malvern magistrates had been entitled to exclude the press and public during the sentencing of a local woman who had admitted a drink-driving charge.

Lord Justice Watkins con*cluded that magistrates had* an "inherent power" to regulate procedure in their own court.

Berrows Newspapers of Worcester had challenged the decisions.

Consent sought for London station hotel redevelopment

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

THE Grand Midland Hotel in *London,* better known as St Pancras Chambers, will be restored in a £50m development if Camden *borough* council gives planning permission.

Proposals for restoring the hotel and providing retail, catering and leisure facilities, have been submitted to the council, YRM, the scheme's architect, said yesterday.

St Pancras Chambers, designed by Sir Gilbert Scott and built between 1868 and 1873, *is accepted as a superb* example of Victorian Gothic architecture. The hotel, which closed 50 years ago, *was a part* of St Pancras railway station, the London terminal for services to the Midlands.

YRM has designed the restoration scheme for Speyhawk, the property development company, and Sir Robert McAlpine and Sons, the contractors. Speyhawk and McAlpine intend to set up a joint venture *company to* lease the property from British Rail Property Board.

British Rail has been *seeking* a use for St Pancras Chambers ever since it stopped using the building as offices in *1985*. The property board said yesterday that it had no formal agreement with Speyhawk and McAlpine for the restoration, but if planning permission were granted "something would be sorted out with them".

The YRM proposals have the support of English Heritage, the national watchdog over listed buildings. "The object is to put it (the old hotel) back as near as possible to what it was like *the* day it was built," said Mr Brian Henderson, chairman of YRM.

YRM has the original Scott plans and photographs of the hotel interior in its Victorian heyday. It intends to keep the same ceiling and internal de*tails* as the original building "but not necessarily in three shades of brown", as Mr *Henderson put it.*

The original hotel had 400 bedrooms, but the new one would have only *127, using* up space the Victorians did not need because they were not interested in bathrooms en suite, and because servised *apartments* will be created

The cellars under the station, originally created to accommodate beer barrels *from* Burton upon Trent, will be turned into a shoppnig area. Elsewhere in the complex there will be a club which will have Turkish baths and a night spot.

The developers argue that their scheme will provide a focus for the *regeneration* of a run-down area and that there will be a net increase of 1,250 jobs.

Accelerated increase in engineering production

BY RALPH ATKINS

THE UPSWING in the output of engineering industries accelerated in the three months to May, according to official figures.

The Trade and Industry *Department's seasonally* adjusted volume index for the engineering industry was 1.5 per cent *higher* than *the* previous three months and 4 per cent higher than the same period a year ago.

This compares with quarterly growth rates of about 1 per cent at the end of last year and the beginning of 1987.

In the three months to May, electrical and instrument engineering companies *accounted for most of the* growth—rising 10 per cent compared with the same period last year and 1.5 per cent compared with the previous three months.

Mechanical engineering production rose 1 per cent compared with the previous three months but fell 3 per cent *against* the same three months in 1986.

Among mechanical engineer*ing companies, there were* large increases in production by weighing machine, power tool *and wheeled* tractor *companies.* Agricultural machinery, small engineering tool and mechanical transmission equipment manufacturers experienced falls.

In the electrical and instrument sector there were large variations. Production at office machinery companies increased 20 per cent compared with the *previous three months,* and electrical instrument and control systems manufacturers saw *a rise of 16* per cent.

However, production of photographic equipment fell 13 per cent in the same period

Bill 'will ensure insider dealing does not pay'

BY TOM LYNCH

THE GOVERNMENT is acting *to ensure that insider dealing* does not pay, Mr John Patten, Home Office Minister of State, said last night.

He told a Conservative Party meeting in Oxfordshire that powers to be given to courts under the Criminal Justice Bill to confiscate profits of City fraud "will ensure that those who make a killing through *crooked share deals stand to* lose not only their liberty and reputation, but their loot too. Greed is the primary motivation *of these people. What better* way to deter them than by 'taking back the proceeds of their dishonesty?"

The bill, which has just started its progress through parliament, increases the maximum prison sentence for insider dealing from two years to seven and allows courts to confiscate a criminal's assets where the *proceeds of crime amount to* more than £10,000. Courts will be able to freeze suspect assets

Legal action funds order

BY NICK SUNKER

A *HIGH COURT* judge has told the liquidator of Oceanus, the Bermuda insurer, to find £250,000 in the next four weeks to fund a multi-million dollar legal action against Deutsche Ruck, a reinsurance company.

Touche Ross, the Oceanus liquidator, is claiming on behalf of creditors that Oceanus is owed about $14m (£8.6m) by Deutsche Ruck. Mr Justice Evans told Touche Ross yesterday that the creditors had to find the *£250,000* by August 28 as security against the costs of further legal proceedings.

Oceanus Mutual Underwriting Association, was a protection and indemnity club providing insurance for shipowners. It becoame insolvent in Bermuda *in the spring of 1984* with gross liabilities of between $300m and $400m.

Since then Touche Ross and the creditors have been trying to recover money which they say is due from various companies which reinsured Oceanus.

On Wednesday the Court of Appeal in London dismissed a *legal action* by Oceanus's creditors against seven French reinsurers because Touche Ross had *failed* to *find £1m in* security for legal expenses.

ECONOMIC DIARY

MONDAY: Housing starts and completions (June). Palestinian *leader Yasser Arafat visits* India (until August 5). US non-farm productivity figures (second quarter).

TUESDAY: UK official reserves (July). Capital issues and redemptions (July). Securities and Investments Board *publishes final amendments* to its rulebook. Sikhs to discuss demands to put to Indian Gov*ernment. West German unem*ployment figures (July).

WEDNESDAY: Advance energy statistics (June). Overseas travel and tourism (May). SDP ballot on proposed merger with the Alliance closes. British Airways *and* GKN *publish interim* figures.

THURSDAY: Detailed analysis of employment, unemployment, earnings, prices and other indicators. Annual *convention of* American Bar Association in San Francisco (until August 12). *Connoisseur and Collectors'* Fair of Antiques and Memorabilia opens at the National Exhibition Centre, Birmingham. TI Group interim figures.

FRIDAY: US Congress plans recess until September 8.

Church in London estate deal

By Paul Cheeseright, Property Correspondent

LONDON Merchant Securities the *property* and energy group built up by Lord Rayne, a veteran of the post-*war property boom,* has gained total control of a 7½-acre estate in central London.

***It is paying the Church* Commissioners for England £40m for their stake in the Cartwright Estate, five adjacent island blocks between Tottenham Court Road and the British Telecom Tower.**

The estate stretches southwards to take in part of Charlotte Street, one of the capital's restaurant centres. *It contains 10 office blocks of* varying sizes, built in the 1960s.

***In total there is 1m sq ft* of office, retail, commercial and residential accommodation producing rents of £5.4m a year.**

At the end of March the estate was conservatively valued at £72.5m, but with *recent* changes in regulations giving landowners the right to change the use of *buildings from light industry* to offices, the potential value is much greater.

Lord Rayne's company and the Church Commissioners have been active in this part of London for more than 30 years. In 1955 the Church Commissioners bought the freehold of the Cartwright Estate and set up a joint *company with Lord Rayne.*

This joint company, 60 per cent owned by Lord Rayne and 40 per cent by the Church Commissioners, then took a 200-year lease on the properties, with the Church Commissioners providing development finance.

London Merchant Securities have now bought the *freehold of the properties* and the 40 per cent stake in the joint company.

US bank to buy WM Company

By Barry Riley

BANKERS TRUST, a US *bank, is to pay £9.8m in cash* to acquire the WM Company, an Edinburgh-based pension *fund performance measure*ment business, in a deal foreshadowed last May. In addition, up to £1.6m extra could be paid subject to future performance.

WM, which earned £1.09m pre-tax in the year ended last September, is to become an independently-operated subsidiary of Bankers Trust. It will *retain* its present name and be headed by Mr Dugald Eadie, its present managing *director.*

RN missile ship sold to Chile

BRITAIN has sold the Royal Navy's County Class guided missile destroyer HMS Fife to Chile.

Austin Rover picks Motorola

BY JOHN GRIFFITHS

AUSTIN ROVER cars are to be equipped with Motorola, rather than Lucas Electrical, electronic engine control units starting with the Montego model next year.

Lucas, which until now has *supplied separate units for con*trolling engine fuel and ignition systems, failed to win the *contract for Austin Rover's next* generation of engine electronic control units. Instead, US-owned Motorola will supply single units which will control both fuel and ignition systems. None of the parties involved would say how much the business was worth.

Lucas said the impact on Lucas Electronic's overall business would be "pretty marginal." It is estimated to account for about a quarter of the turnover of Lucas Electrical's plant at College Road, Birmingham—one of three company plants in the city, employing a total of about 1,000 involved in producing engine management systems.

However, the lost business comes at a time when Lucas is claiming to be one of the world's leaders in engine management systems and is looking *for a European partner* to tackle Robert Bosch's domination of the European market in the *sector.*

Lucas units will continue to be used on Austin Rover's existing 1 litre and 1.3 litre A-series engines which *mainly* power Minis and Metros. Even this business is expected to cease when the engines are succeeded by the K-series starting in 1989.

Austin Rover produces about 500,000 cars and light vans a *year, with further expansion* envisaged when its R8 medium car, developed jointly with Honda, goes into production in 1989.

Motorola's supplies will come from its Automotive and Industrial Electronics Group based near Hitchin, Hertfordshire, where more than £3m has been invested in the past 18 months.

Tin council seeks Lords ruling

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE LAW LORDS are to be asked to rule whether copies of International Tin Council *documents can* be used as evidence in litigation arising from the council's collapse into insolveny *in October, 1985.*

The ITC and other parties to the litigation are to seek leave from the Law Lords to challenge a Court of Appeal decision yesterday that only certain classes of copy documents are admissible.

The ITC had appealed against a High Court ruling that documents relating to its trading *activities were not protected* by the inviolability the law confers on the council's archives.

Nor, the *High* Court said, were copies of ITC documents or information derived from documents.

The Appeal Court said no distinction could be drawn between documents relating to the ITC's trading activities and those concerning its other activities.

Copies sent by the ITC to its member states were not part of its archives and were therefore not protected. Copies of such copies, not made by the ITC itself, which had been obtained by parties to litigation, could be used as evidence.

The Appeal Court suggested that the real issue was confidentiality: whether the ITC could prevent the use of copies on the ground that such use would be a breach of confidence, or whether, in relation to some copies, confidentiality had been waived by the ITC.

The ITC intervened in a case in which two Shearson Lehman companies are claiming more than £61m from Maclaine Watson and J. H. Rayner (Mincing Lane) under tin sale contracts, and challenging the validity of a London Metal Exchange rule *imposing a fixed settlement* price on outstanding tin contracts following the ITC's collapse.

Various parties want to use ITC copy documents as evidence in that action. The ITC argued that all the relevant material was part of its archives and immune from disclosure.

The issue affects other parts of the tin litigation, notably claim based on allegations of fraudulent trading and negli*gent management made against* the ITC by banks and a group of tin brokers. ITC documents would be highly relevant to such claims.

CBI attacks racial equality 'loophole'

BY JIMMY BURNS

LOCAL AUTHORITY attempts to enforce racial equality policies on companies supplying them with goods and services should be blocked by the Government, according to the Confederation of British *Industry.*

The CBI said yesterday it *generally supported* the Local Government Bill announced in the Queen's Speech. The bill *bans key aspects of the prac*tice of contract compliance, including local authorities withholding contracts from companies because of failure to comply with specific political criteria such as having no links with South Africa or the nuclear industry.

However, it does not include a specific ban on contract compliance provisions based on racial equality, which the CBI sees as a mistake.

It is seeking amendments to the bill which it claims contains a potentially "all-embracing" loophole detrimental to *commercial efficiency.*

Under the clause, local authorities could withhold contracts *if this* was "reasonably necessary" to secure the elimination of unlawful race discrimination as defined in the 1976 Race Relations Act.

The CBI said although it was "totally in favour of racial equality" it wanted decisions on jobs to be made solely on grounds of merit.

Mr Richard Price, *CBI* director of employment affairs, said: "Contract compliance is wrong in principle, since contracts should be awarded on commercial considerations alone."

The CBI believes contract compliance imposes additional *administrative burdens on com*panies and leads to "different standards being applied in *different parts of the country.*"

Some employers are believed to be particularly anxious that the bill as it stands would inevitably compel companies to employ only local labour in areas where there is a strong presence of ethnic groups.

Iveco Ford to increase truck output

BY JOHN GRIFFITHS

PRODUCTION OF Iveco Ford Cargo trucks is to be increased *for the fourth time this year.* The move will create an extra 40 jobs at the Langley, Berk*shire, plant of* the company formed last year by the merger of Ford's truck operations with those of the Fiat-owned group.

Output is to be increased to 74 trucks a day when Langley reopens after its August break. *This compares with 69 a day* now

The increase, which will result in the highest planned full-year production since the Cargo's launch in 1981, will lift employment at the plant to 1,550.

In the first half of this year Iveco Ford was narrowly beaten to the *leadership of the* UK heavy truck market by recently - privatised Leyland-DAF. The Anglo-Dutch company captured 23.12 per cent of the market for trucks over 3.5 tonnes compared with 22.02 per cent for Iveco Ford.

Builders report marked improvement in workload

BY RALPH ATKINS

BUILDING companies *showed* a marked improvement in their workload in the second quarter of 1987, a survey by the Federation of Master Builders shows.

It finds that 29 per cent of the 168 companies questioned *reported an increase in trade* in the three months to June compared with the previous quarter. *Only 16 per cent* reported a decrease.

The federation, which represents 20,000 small and medium sized building companies, says the 13 per cent gap is the highest since 1983.

The improvement came *mainly* from work in the private sector. Of the companies involved in the public sector, the *gap between those report*ing *an increase* and those reporting a decrease was just 1 per cent. This compares with 4 per cent *in the previous* quarter.

Among all companies, 68 per cent were working at full capacity compared with 55 per cent in the first quarter of 1987. The most buoyant areas were private house building *and repairs and maintenance.*

There are signs however that further improvement may be restricted. *Problems* in recruiting skilled craftsmen were reported by 55 per cent of those questioned and were particularly severe in southern and eastern counties.

Other restrictions include bottlenecks in the supply of *materials,*

N-bomb 'victim' wins appeal for test case

Financial Times Reporter

THE WAY could have been opened yesterday for hundreds of claims against the Government by former soldiers who became ill after witnessing atomic and hydrogen bomb tests in the late 1950s.

A Court of Appeal ruling allowed a test case to be brought by Mr Melvyn Pearce, 50, of Bristol, a *former army* lance-corporal now dying from blood cancer.

Mr Pearce was one of more than 20,000 servicemen who witnessed tests in the Indian Ocean.

Mr George Younger, Defence Secretary, who had argued that the Crown had immunity from damages claims by ex-servicemen, was granted leave to appeal to the House of Lords.

However, Mr Ken McGinley, chairman of the 1,500-strong British Nuclear Tests Veterans Association, said: "This could open the gates for many more cases to come forward."

Mr Pearce was too ill to attend yesterday's hearing in London. He claims he was allowed to swim in radioactive waters and eat contaminated fruit without being warned about the dangers or monitored for ill-effects.

Yuppie yen for long-haul travel means business is soaring

BY DAVID CHURCHILL, LEISURE INDUSTRIES CORRESPONDENT

LAST Christmas, Mr William *Innes*, a *26-year-old* stockmroker with Shepherds and Chase, and several of his friends flew to Hong Kong for the seasonal celebrations—a typical example of the latest trend among yuppies to fly off to exotic and expensive *holiday destinations* in the Caribbean or Far East.

Mr Innes explains: "We work hard so we reckon we deserve to go somewhere exciting and different. We are becoming bored with the ordinary type of package *holiday in Europe.*"

The long-haul holiday market has become one of the key growth sectors of the travel trade. Figures show the number of long-haul *passengers over the past year* has grown by about a quarter in comparison with the previous 12 months. Long-haul operators believe passenger numbers will be at least 30 per cent higher this year.

In comparison, the short-*haul package holiday market* —albeit much larger than the long-haul sector—is likely to grow only by 10 per cent this year.

Several factors are responsible for fuelling this expansion in long-haul holidays. *One is the strength of* sterling against the US and Australian currencies which makes long distance holidays better value for money.

However, by far the biggest *factor has been the growth in* disposable incomes among those in business and the City in recent years.

Ms Linda Stuart, operations manager for the Best of the South Pacific holiday pro*gramme operated by the P & O* cruise line Princess says: "Many yuppies have already seen the world on business travel trips, so long-haul journeys are part of their language.

"There is now a lot of *one*-upmanship among many holidaymakers and increasingly we see a frantic search particularly by yuppies to find a more unusual holiday destination."

Unlike the fierce price *competition in the short-haul* packaged market, the cost of long-haul holidays appears to be less of a factor.

British Airways's response has been to launch a holiday company called Tailor Made Tours to put together special long-distance holidays.

In the six weeks since its launch, the company has had more than 200 requests at prices starting from £1,000 a *person.*

The choice of destination varies considerably. A recent study of 2,000 long-haul holidaymakers, carried out by MEW Research, found the US and Caribbean were often perceived as a "safe" first step in long-haul travel. In these countries, for example, English is spoken and the standards are European.

Some yuppie travellers—*with little time on their hands* —are taking advantage of their long-haul holiday to get married. The Heywoods hotel complex in Barbados, for example, *reports* a steady business in its special package offering to arrange the wedding ceremony and honeymoon at the same time.

Not all long haul travellers come from the affluent south-east. Caribbean Connection, a leading tour operator to the Caribbean based in Chester, reports *steady* demand for long-haul holidays out of Manchester. It *points out* there are many affluent pockets in the north and north-west and believes lower housing and living costs frees more money for long-haul holidays.

But the ultimate yuppie *long-haul holiday must* be that offered by the Twickers World travel agency. From October 1992, short space flights in the US space shuttle are being offered for sale at a mere £31,000 a person.

NHS office staff offered flexible salaries deal

BY DAVID BRINDLE, LABOUR CORRESPONDENT

ADMINISTRATIVE and clerical staff in the National Health Service have been offered a pay flexibility deal which would allow salaries to be adjusted in response to local labour market conditions.

The proposals, which would represent an important advance for the Government's campaign for less rigidity in public sector pay bargaining, have not been rejected by the unions representing the 130,000 staff.

Nalgo, the white-collar union representing about 70,000 of the workers, agreed earlier this year to a pay premium scheme for NHS computer specialists in the south-east. However, the new proposals would apply throughout England, Wales and Scotland from next January.

The proposals, tabled on Thursday, are similar to the agreement which is already in place for science and technology specialists in the Civil Service and which the Treasury hopes to extend to all civil servants.

Like that agreement, the NHS plan is for a single pay "spine" for all staff. The spine would have 47 points, ranging from £4,112 to £24,980, and would contain scales for 11 grades each of five points or increments.

Individuals would still rise one point each year, but managements would be able to place staff groups up to five points above the grade minimum in recognition of specialist skills and qualifications and local labour market pay rates.

Thus the minimum for a Scale B post (routine clerical or secretarial work) would be £4,811 a year, but a district health authority in the south-east could offer up to £5,628 to counter recruitment problems. Staff appointed at that level could then achieve up to £6,847 over five years, rather than the conventional scale maximum of £5,628.

Unlike the Civil Service scheme, the NHS proposals are said to make no link between pay and performance or merit — a point being strongly emphasised to reassure the unions.

The scheme is also being portrayed as part of national bargaining — the spine and minimum scales beng determined in the Whitley negotiating council — and as a means of enabling authorities to pay more, not less, than national rates. Staff are to be assured that the extra costs of the system would be fully funded.

Nalgo, which estimates these costs at about 1.5 per cent of the pay bill, said yesterday that the scheme would offer nothing to 21,000 lower-paid staff, but that the unions had "not taken a position yet" on the flexibility plans.

Needs 'dictate wage levels'

BY PHILIP BASSETT, LABOUR EDITOR

COMPANIES decentralising their pay bargaining tend to do so because of business requirements rather than any idea that such arrangements are inherently better, according to a new study.

The findings of the report, by the Institute of Manpower Studies, suggest that companies are likely to make decisions about the level of their pay bargaining based on their own operating needs rather than in response to recent Government exhortations about the need to move away from national pay bargaining to arrangements which reflect more closely local labour market conditions.

Taking as its starting point that many companies are moving towards decentralisation, the IMS study looks in detail at nine organisations, five operating centralised pay systems and four decentralised. One of the former group was moving towards decentralisation and all those with decentralised arrangements had moved away from central bargaining in the 1980s.

Bargaining levels tended to reflect centralised or decentralised organisations, though the study finds that in no case was their a complete absence of central control over pay.

Two of its findings are particularly significant:

● "Moves towards more decentralised arrangements have not been 'philosophy'-driven in the sense that decentralised approaches are believed to be inherently a 'good thing' and therefore an approach which the company should adopt.

"Companies with decentralised arrangements, and those which expect to move towards more decentralised arrangements, have changed because these are perceived to be more appropriate to business needs."

● None of the companies studied introduced decentralised arrangements in order to respond better to geographical differences in labour supply — a key point in ministers' arguments in favour of greater decentralisation.

However, the study does show that greater decentralisation does allow companies to flex wages and conditions more easily in response to local labour market conditions. In particular, it makes introduction of performance-related pay packages or trying to vary rates to match local skill conditions easier.

Negotiations tend to be quicker under decentralised arrangements, the IMS report says, and such provisions are said to act as a motivating force for local managers responsible for the profitability of their units.

However, decentralisation does seem to require two preconditions: a budgetary system reaching down to unit level and managers being allowed to assume the additional responsibilities required.

The report says that the advantages of centralised systems are that they preserve pay stability and avoid leap-frogging —both especially important in strongly-unionised environments.

Central pay systems can be more efficient by avoiding the need for parallel bureaucracies at each site, and inter-unit staff mobility is facilitated by nationally-determined pay and benefit structures.

Decentralisation of Pay and Conditions of Service, by Madeline Richmond. IMS Report No. 135. IMS, Mantell Building, University of Sussex, Falmer, Brighton BN1 9RF. £8.

Nalgo tries to organise police workers

By Jimmy Burns, Labour Staff

NALGO, Britain's fourth largest union, has begun to issue civilian workers in police forces with specific guidelines on how to improve their organisation and press for parity of pay and conditions with uniformed officers.

The initiative may lead to renewed friction between the union and the Police Federation, the association representing uniformed officers, which has voiced concern in the past about the growing unionisation within the police force.

A 16-page booklet, initially aimed at police civilian communications staff, makes a series of recommendations on organisation including improving the level of interaction with branch officials, recruitment of non-members and the consideration of "different types of industrial action" in support of demands.

On pay, the union recognises that "reaching an agreement on the new gradings will not be easy," because of the growing differentials between uniformed police pay rates and those of civilian staff.

However, the booklet stresses that this should not deter branches from pressing for pay parity for Nalgo members where police civilians undertake work identical to that of their uniformed colleagues.

Nalgo argues that, while jobs in the communications field are increasingly being transferred to civilian staff, pay settlements involving its members have not taken enough account of the changing nature of the job brought about by technology.

Increasing the number of civilians in police forces was favoured by the last Conservative administration as a necessary prerequisite for making them more cost-effective and efficient.

However, the federation has already conveyed its fear that civilians are increasingly encroaching on sensitive areas like the National Computer Centre and effectively getting into a position where they would make police forces more vulnerable to industrial action.

The extent to which the policy of increasing the number of civilians should be expanded is expected to be a central issue in a report the Audit Commission is currently preparing on the police.

NUM avoids renewing Yorkshire dispute

BY OUR LABOUR CORRESPONDENT

YORKSHIRE AREA leaders of the National Union of Mineworkers yesterday held back from calling for renewed industrial action after British Coal upheld the dismissal of Mr Ted Scott, the union's branch secretary at Stillingfleet Colliery.

Further action had been threatened, but British Coal announced its decision on the last working day before 13 of the 20 North Yorkshire pits began their summer shutdowns.

In addition, British Coal has taken what it calls the "exceptional step" of offering Mr Scott alternative employment at another pit. He was said last night to want clarification of the offer.

The developments mean that British Coal and the NUM have, for now, averted a fresh flare-up in the Yorkshire coalfield after the week-long strike in parts of South Yorkshire last month over a separate disciplinary issue.

The union maintains, but British Coal denies, that both issues centre on the disciplinary code imposed by the corporation. The NUM is conducting a national ballot on limited industrial action over the code, which the union claims gives managements sweeping and arbitrary powers.

Mr Scott was dismissed on July 15 for industrial misconduct—"seriously disrupting the operations of the Stillingfleet mine following previous warnings about his conduct."

The NUM claims he was victimised for his union role. After the dismissal was upheld yesterday, the union's Yorkshire area executive committee decided to seek talks with British Coal on points Mr Scott wanted raising about the alternative job offer.

Mr Jack Taylor, Yorkshire NUM president, said there was "no plan for any official action" ahead of the national ballot, which is due to close on August 21.

Earlier, Mr Albert Tuke, British Coal's North Yorkshire area director, had described the offer to Mr Scott as conciliatory. The report on the dismissed man's appeal, he said, had shown conclusively that he could not return to employment at Stillingfleet.

According to Mr Tuke, Mr Scott had been warned about his "irrational and irresponsible behaviour" but had persisted in looking for an excuse to disrupt operations at Stillingfleet, which is part of the new Selby complex and not yet producing coal.

The flashpoint had come when Mr Scott had "influenced men against going to work" at a weekend on grounds that NUM policy was against overtime working. In fact, Mr Tuke said, this policy was only against overtime coal production—not tunnelling work.

Mr Scott has been offered a job at Wheldale Colliery, outside the Selby complex, "provided he agrees that he will not organise industrial action in breach of the law and his own union rules . . ."

Mine safety record 'worse than claimed'

BY CHARLES LEADBEATER, LABOUR STAFF

OFFICIAL FIGURES released to parliament show that British Coal's safety record has worsened significantly in recent years contrary to the company's claims, Mr Peter McNestry, general secretary of Nacods, the pit deputies' union, said yesterday.

Parliamentary written answers show that the number of dangerous occurrences per pit, per year, has more than doubled since 1979 to 2.2 in 1986-87.

Dangerous occurrences are incidents which could potentially cause serious accidents and loss of life. The total number of dangerous occurrences rose from 272 in 1985-86 to 362 last year.

The number of major injuries per 100,000 man-shifts rose from 1.94 in 1985-86 to 3.05 last year. There were 843 major injury accidents at British Coal collieries in 1986-87.

British Coal attributes the sharp rise to a change in the method of reporting accidents which was introduced in April 1986. However, Mr McNestry said that even on the old basis of accident reporting there had been a steep rise in the number of dangerous occurrences and major injuries.

On the old basis of counting there were 2.11 major injuries per 100,000 man-shifts, up from 1.94 the year before. The rise to 2.11, represents a 25 per cent increase in the major injury accident rate since 1981-82, Mr McNestry said.

The number of dangerous occurences per colliery has risen from one a year in 1979, to 1.5 in 1982, and to 2.2 last year. British Coal's annual report, published last week, said the industry's safety record continued to improve, with the fatal accident rate being static and the number of small accidents declining.

However, the report made no reference to either dangerous occurences or major injuries.

Mining unions argue that miners are less likely to report small accidents for fear of having to take time off and thereby lose incentive payments.

British Coal has proposed that Hickleton Colliery in South Yorkshire, which is due to be mothballed, should be used as a demonstration mine for new safety techniques.

It is understood that the corporation is particularly keen to use the mine to demonstrate how bolts driven into the roofs of tunnels can be used as supports instead of the traditional steel arches.

Council workers' pay offer criticised by Ridley

BY OUR LABOUR CORRESPONDENT

THE OFFER of a 10.6 per cent pay rise for 1m local authority manual workers has been criticised as "excessive" by Mr Nicholas Ridley, the Environment Secretary.

However, his relatively mild admonishment has surprised council leaders. They had expected a far stronger attack from the minister who called on local authorities to leave the national bargaining structure following the manual workers' last pay deal, worth 6.7 per cent.

Mr Ridley's latest statement, issued 48 hours after the offer was made and a full three months after it was first mooted, makes no critcism of national bargaining.

One reason for the restrained nature of his comments may be that the 14-month offer is an enabling flexibility deal, under which councils could make productivity savings. Mr Ridley says he hopes this comes about.

He warns that if there were no such savings, the offer would cost the equivalent of 2 per cent on household rates or almost £10 on the proposed community charge — a system which, he maintains, would have ensured the councils achieved "a more responsible settlement" if it was in force now.

Employment and training policy changes confirmed

BY PHILIP BASSETT, LABOUR EDITOR

THE GOVERNMENT confirmed yesterday that it would go ahead with its proposals for major changes to its programme of employment and training measures in spite of strong criticisms from the Manpower Services Commission.

In a letter to Sir Bryan Nicholson, MSC chairman, Mr Norman Fowler, the Employment Secretary, made clear that the changes would go ahead, and called on the MSC to work closely with the department in implementing the plans.

The MSC has publicly voiced wide-ranging doubts about the Government's proposals, which include plans to take the network of 1,000 Jobcentres into the Department of Employment, withholding benefit from unemployed school leavers who refuse to join training schemes and increasing employer representation on the MSC.

Mr Fowler said he would like the Jobcentre changes to be completed by October 26, and goes further by stating that the responsibility for the Restart programme for the long-term unemployed is also to be transferred from the MSC to the department.

He said: "Unemployment is now falling. We need to ensure that all the services the Government provides are working together

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Grounds for confidence

FINANCE MINISTERS and central bankers must be heading for beaches and country retreats this August in a surprisingly sanguine frame of mind. The financial news in recent weeks has been mainly encouraging and the world economy, while hardly sparkling, seems in better shape than appeared likely even a few months ago.

Just consider. The dollar's downward spiral has been halted and currency markets are enjoying a rare period of stability. Trade imbalances are no longer widening and are causing less angst than earlier in the year. Houdini-like, the US economy seems to have escaped the "hard landing" predicted by pessimists and is continuing to grow quite strongly despite the strains imposed by the twin deficits. Commodity prices, after years of chronic decline, are perking up again. The rises are sufficient to give new hope to some of the most hard-pressed debtors, but not big enough to raise serious fears of accelerating inflation.

A sense of security is also being engendered by the round of increased loan loss reserves announced by the commercial banks. This week, National Westminster and Barclays in the UK joined the throng: British clearers have now set aside a total of $5bn against Third World debts. In addition, fears that the worldwide bull market in equities might have run its course are perhaps receding. The worrying fall of the Tokyo stock market—according to the bears the signal for a global shakeout—has partially reversed itself in recent days. And, as if to underline the point, on Wall Street the Dow has continued to register new highs.

Revised projections

These are all encouraging signs, yet they are far from a recipe for a new "golden era" of steady world growth and moderate inflation. In the first place, there is a worrying growth gap between the Anglo-Saxon economies and those of Japan and continental Europe.

Few economists will have been surprised this week to hear that West Germany's mechanical engineering industry is experiencing a sharp drop in orders and is planning to postpone investment. Economic weakness in Europe is now taken almost for granted. The European Commission in Brussels, like other forecasters, has sharply revised down its projections for most EC economies.

In the UK and US the picture is rather different. The Confederation of British Industry has felt obliged to play down fears that the UK economy is overheating. It has just released another buoyant industrial trends survey depicting rising home and export orders, a planned surge of investment and high confidence in boardrooms. Britain is likely to grow at least twice as fast as West Germany this year, and possibly approaching three times as fast.

The US economy is also displaying an encouraging resilience. The composite index of leading indicators, admittedly not always a reliable statistic, rose more strongly than expected in June. It was the fifth monthly increase in a row and helped convince some prominent private-sector economists that growth could pick up from the slow second quarter.

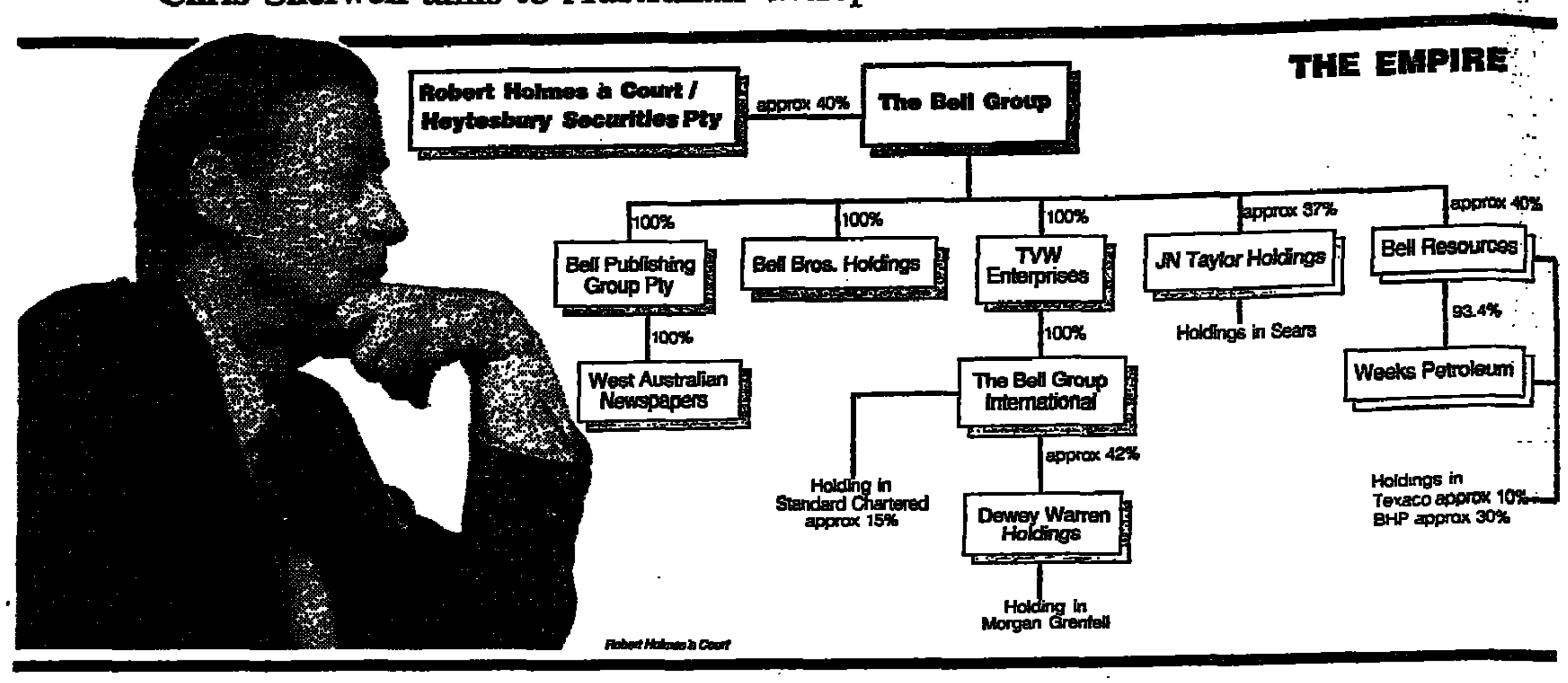
In one sense this is a mixed blessing. The major surplus countries are supposed to be growing faster than the US to help reduce trade imbalances. They are not doing so because of their failure to stimulate domestic demand. As a result, the present calm in currency markets is likely to be short lived. The gap between US exports and imports remains enormous and, short of an adequate differential between income growth inside and outside the US, can be reduced only by price adjustments. The G-5 ministers would be wise to ready themselves for another downward adjustment of the dollar; the pressure could start building up in time for the IMF/World Bank round of meetings in the autumn.

Forced economies

The other pressing issue that will have to be addressed once the holiday period is over is the economic outlook for the Third World. The economic interdependence of the developing and developed worlds is gradually becoming better understood; the growth slowdown in industrialised countries last year, for example, was almost entirely due to the economies forced on debtor countries by their deteriorating terms of trade.

The restoration of sustained growth in the Third World is likely to require flexible thinking on the side of both creditors and debtors. As the Japanese pointed out at this week's Unctad meeting in Geneva, developing countries have got to diversify their exports and reduce their reliance on a few commodities. Industrialised countries, for their part, must find better ways of transferring resources to the debtors—whether by easing their repayment schedules or extending new finance on sufficiently attractive terms. However, if the recent shift towards global economic cooperation continues to gather momentum, there is no reason why these and other obstacles to sustained world growth cannot be overcome.

Chris Sherwell talks to Australian entrepreneur Robert Holmes à Court



Robert Holmes à Court

A cautious cut above

EVEN FOR those familiar with his soft features and even tone, meeting Mr Robert Holmes à Court is a surprise. The face is stronger than expected, the voice quieter, the eyes more penetrating.

His naturally patrician bearing is emphasised by his height. But it is his glacial calm and confident self assurance which are arresting.

Scarcely a day now passes without the name of this extraordinary Australian entrepreneur, who was 50 this week, appearing in the headlines of the world's financial press.

In the US, it is because of his recently acquired 9.5 per cent stake in Texaco, the oil major battling against a heavy $10bn (£6.25bn) pay-out to Pennzoil. Last year it was because he bought into, and then sold out of, USX, the giant steel group.

In Britain, interest at present focuses on stakes in Morgan Grenfell, the merchant bank, in Dewey Warren, the insurance broker, and in Sears, the big retailer. Last year it was Morgan Crucible, which he had sold out of, and Standard Chartered Bank, in which he has now risen to deputy chairman.

In Australia, he has recently been at the centre of the two biggest takeover sagas of modern times. Last year he advanced a vital step further in his bid to acquire BHP, Australia's largest company (he now has 28 per cent). This year he duelled with Mr Rupert Murdoch over the Herald and Weekly Times group in the country's media shake-out.

No Australian businessman can match Mr Holmes à Court's stature or reputation, or perhaps his success. His three public companies — Bell Group, Bell Resources and J. N. Taylor Holdings — together have a market capitalisation second only to BHP.

Nor is he a typical entrepreneur from down under. He has few positive words for his brasher counterparts, models himself on no one abroad, and has weaknesses for impressionist and Aboriginal art, racehorse breeding and vintage cars.

At any one time he and his closely knit team of advisers have myriad deals in motion. He travels constantly but shuns publicity. "I'm not public property and I'm not running for office," he says.

He has no public relations man and does no advertising. Most comments on his group are reserved for his shareholders, bankers and employees. And he never offers advice publicly to politicians.

Even more interesting, he is totally risk-averse, and rarely in a corner. "We begin with a policy of low risk," he says. "I like to know that, if I wake up tomorrow and find it is September 1929, I'm comfortable."

Indeed, nothing is comprehensible about Mr Holmes à Court without understanding his low-risk approach to business or appreciating the meticulousness with which opportunities are researched and the flexibility he builds in to every position he adopts.

He dislikes suggestions that he is a greenmailing raider who simply buys and sells shares—that somehow his business is easy while others are more difficult. To him, neither assertion is accurate.

"Profits from our investments are not speculative," he says. "They are the prize for accurate commercial judgments. I prefer to call them intellectual profits. Some are obviously not repeatable. But we've had 15 years of increasing profits. So it might be said that, in the aggregate, they are repeatable."

To judge by his constant references to it, his early legal and business experience in Perth was invaluable. So is his robust constitution, which yields an unusual combination of indefatigable energy and feline patience.

When Western Australian Worsted and Woollen Mills (the first company Mr Holmes à Court acquired in 1970) bid for Bell Brothers in 1973, a company 10 times its size, they all laughed. It took 18 months and three bids to get control.

'I like to know that if I wake up and find it is September 1929, I'm comfortable'

"I worked for four years, finishing late at night, starting early in the morning, to turn the company round. After that, nothing has ever seemed quite so difficult."

That was when he began his early and much celebrated series of strategic acquisitions in well-known companies—in Australia: Ansett, TNT, Elders GM, Fairfax and Herald and Weekly Times; in Britain: Rolls-Royce Motors and Sir Lew Grade's Associated Communications (ACC).

The acquisition of ACC in 1983, along with the takeover of TVW Enterprises (with its Perth and Adelaide television stations) and Wigmores, the Caterpillar tractor distributor in Western Australia, in the same year, marked another turning point. All have since become healthy cash-generating subsidiaries.

ACC, hauled back from the brink of bankruptcy, has become Bell Group International. Wigmores, now Bell Resources, started with a cash base of A$40m (£17.6m) and now controls assets worth A$7bn, including Weeks Petroleum and the stakes in BHP and Texaco.

Of all these experiences, Mr Holmes à Court speaks deliberately and thoughtfully. He can cite chapter and verse why he has gone into various investments at particular times, why some have led to takeovers and others have not.

Some analysts, unfairly, see Mr Holmes à Court as a product of easy credit, deregulation and a bull market. The record shows that he has done as well in bear markets or with companies which have become unwanted and unloved.

Executives are clearly nervous if he shows interest in their companies. But none have a reliable way of predicting in advance whether he will end with control—just as other investors often miss the very opportunities he identifies.

"There is no formula, no series of simple steps, only a reaction to events," he says.

"I'm naturally attracted to companies broken by a declining industry or suffering from management blunders, but not only to those.

"Of course, I've learned from others' experiences. But in most situations the most important information concerns the target company itself. You have to do the basic research. Remember, Picasso was a draughtsman before he ventured further.

"I do not go in with a predetermined view: that would suggest a prejudiced mind. But all possibilities should be anticipated: we aim to eliminate the downside. If you go into a company at a particular price, you should be ready to take over the whole company at that price."

Sometimes people seem not to take him seriously. "BHP laughed when Wigmores launched its first bid, just as Bell laughed at Woollens. Bell litigated, and we used their complaints to launch a fresh bid. BHP litigated and we did the same. We now have 28 per cent.

"In my dealings I try to lay everything out openly, signal what we're doing, do nothing surreptitious. Our responsibility is to play within the rules, to stay within the spirit of them, too."

At one point in his takeover attack on BHP last year, a senior executive in the steel, oil and resources group accused him of "spending all his time in his office thinking." It was intended as an insult. Mr Holmes à Court took it as a compliment.

"We have a multi-billion dollar share portfolio and an interest bill which goes hand in hand with it. People tend to look at our trading profits without recognising the costs.

"In fact we use option trading as a banking and insurance exercise to defray holding costs and remove risk. It is the same as reinsurance. We would have made more by buying stock and riding the bull market. But our aim is to cut out risk. We have no exposure on currency for the same reason."

With the groups he does acquire, "the pattern throughout is one of putting money in rather than taking it out," he says. "Nine out of 10 times the required management is already somewhere within the company. It is then just a matter of applying common sense principles."

Managers can make mistakes, but preferably should not repeat them. "The golden rule is that they should not hide them. That is a capital offence."

On his position at Standard Chartered, his view is different again. "No businesses are unique," he says, "but banking may be the exception because it is not purely a commercial operation.

"I have no fixed views on whether Standard Chartered should merge with another bank or stay independent, but I'm committed to finding the right answer by working through the board."

That, he acknowledges, means Bell's 14.9 per cent investment in the bank may not be as profitable as the others it has. The experience, on the other hand, has brought home the significance of the Third World debt problem.

"It is a complex and sophisticated problem that is not solved by making simple provisions," he says. "Sovereign debt is like having equity in a country. Capital has to be provided to the Third World. The world has not yet come to grips with the problem."

'You have to do the basic research yourself. Remember Picasso was a draughtsman first'

A constant theme of Mr Holmes à Court's conversation is the responsibility of boards to shareholders in public companies. Over Standard Chartered he even volunteers that it is unsatisfactory to have shareholder directors, since directors should represent all shareholders.

"Generally speaking, all board members should be older than they are, all executives should be younger." While the one can provide the drive of youth, the other can offer the wisdom of experience.

"Basically I'm not a businessman, or a banker, I'm a lawyer," he says. "I've not come up through the management stream. I'm the chairman of a public company, and managing it is very different from looking after a private business.

"It imposes demanding requirements. The management must be good at producing the product or providing the service. There is a responsibility to reduce risk—a management can't say to shareholders 'I'm sorry but I lost you money.'

"You must also be able to manage people—have the right horse in the right stable.

"And you must be able to manage assets. It is very easy to go on producing the same widgets year-in year-out. But you have to be ready to change, to throw out old machinery, put in more costly new equipment to ensure a longer-term future. The true definition of an entrepreneur is someone who makes the best use of scarce capital and human resources."

He takes it for granted that any group like his should have quality, cash-generating, core businesses, and should seek to build and develop them both country-wide and internationally, without geographic constraints. Among Australian companies, for example, the Bell group is quite as international as Mr Murdoch's News Group.

Mr Holmes à Court also acknowledges an imbalance between these businesses and his direct and indirect investment activities. But he insists it is not a problem. "It is not what we want in the longer term. But there is no urgency to redress it."

As for his 45 per cent control of the Bell Group—a useful foundation from which to discharge responsibilities to shareholders—he is sure he needs this size of stake to protect it from takeover.

Certainly there is no question of reducing it, and he responds quizzically to a question which implies that he might have done enough to sell up and retire. Such a notion is plainly fanciful. Current challenges are too great.

Man in the News

Junius Jayawardene

An old fox and a new bag of tricks

By John Elliott

"MY OWN lack of intelligence, lack of foresight and courage were to blame." Thus Mr Junius Jayawardene, the 81-year-old president of Sri Lanka, explained his failure to avoid four years of escalating violence by reaching an earlier settlement with India on his island's Tamil ethnic crisis.

Displaying a bewildering mixture of humility, sharp wit, eccentricity and authority, Mr Jayawardene was sitting beside Mr Rajiv Gandhi, prime minister of India, when he offered this observation. The two men had just signed an historic agreement to end the dispute over Tamil demands for devolution in the north and east of the island, which has cost 6,000 lives in the past four years.

To achieve this peace deal Mr Jayawardene has conceded to India a controversial say in Sri Lanka's security affairs. He has also taken a major gamble with the political stability and internal security of his country, and reversed his own previous policy of seeking a military victory in advance of a peace settlement.

When asked what had happened in the past few weeks to make him change his mind, he would only say, "the combination of the stars and planets has changed."

A reference to history, rather than astrology, might have been more appropriate. In fact, he has had to come to terms with the fact that he is no Dutugemunu—the legendary Sinhalese prince who marched north 2,000 years ago and defeated the Tamil King Elara at the holy Buddhist city of Anuradhapura. With India breathing threateningly down his neck, President Jayawardene had no such opportunity for heroics.

He needed a peace settlement so that he could relaunch the island's crumbling economy onto the free market path which he set out on 10 years ago.

This wily old politician is a man of far greater intelligence, acumen and skill than his sometimes bizarre performances at press conferences suggest. He has scant respect for the press which he suppresses—censorship has been introduced this week and he came close to nationalising The Island, an independent group of papers, to silence critical comments. Asked yesterday whether he had a cuttings file on the President, one local journalist joked "No, but he has a file on me."

Although age is beginning to tell, it was Mr Jayawardene alone who decided to change the course of Sri Lanka's history this week. As executive president, he went ahead with scant regard for the reservations—and sometimes outright opposition—of his Cabinet. His only open supporters were Mr Ronnie de Mel, the Finance Minister and a long-term believer in a peace deal; and Mr Gamini Disanayake, the Land Development Minister, who used his position as president of Sri Lanka's cricketing board to pave the way.

The eldest of seven children, Mr Jayawardene was born into an affluent, cultured family, the son of a Christian father, who became a supreme court judge, and a Buddhist mother. It was a classic example of a British colonial upbringing—he had a Scottish governess, developed wide cultural interests including piano playing, reading Dickens and The Times, and achieved considerable success at cricket, rugger, tennis and boxing.

Baptised a Christian, Mr Jayawardene converted to Buddhism in his 20s, critics say to further his marriage and political prospects. But although he does not attend the temple as often as many devout Buddhists, he has studied his country's main religion deeply and constantly uses its teaching of peace and non-violence in his political pronouncements.

He is keenly aware of the domestic political significance of Sri Lanka's role as the leader of the world's Theravada sect of Buddhism (also practised in Burma and Thailand). Sri Lanka's majority race, the Sinhalese, make up 73 per cent of the 16m population and are mostly Buddhists. They believe they have a duty to preserve Sri Lanka as the home of Theravada Buddhism and have always feared an invasion by Hindus from India creating dominance by the mostly Hindu Tamils.

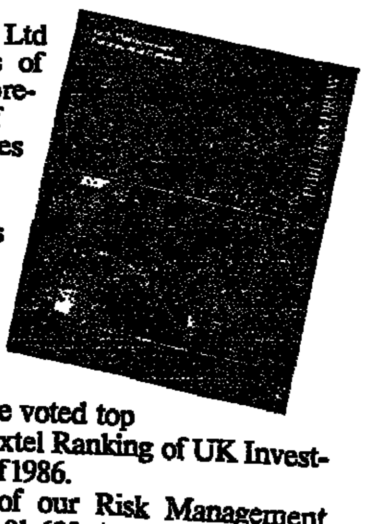
Mr Jayawardene began as a lawyer in 1932, but rapidly involved himself in politics. He joined the Ceylon National Congress in 1938 and became Sri Lanka's first finance minister in 1947, continuing when the island gained independence early the following year.

Things then moved slowly for 30 years until he was swept to power in 1977, defeating the left-wing Sri Lanka Freedom party led by his arch enemy, Mrs Sirima Bandaranaike. He was determined to say personally in charge of the country, changing the constitution in 1978 to include a directly elected president, a post he then filled. In 1982 he was re-elected president for six years, when he immediately froze the electoral cycle with a referendum delaying general elections for another six years.

His aim was to give himself enough time to push his free market economic miracle through and so free his country from the cycle of slow economic growth familiar in South Asia. His aim was to emulate the high growth model of south-east Asian countries like Singapore.

But when the ancient Tamil-Sinhalese ethnic split developed into a crisis, Sri Lanka was dragged back into turbulent communal violence.

Mr Jayawardene should now be free to pursue his economic dream. But the deal struck this week is fragile, and if it is to stick, he will need to show more staying power and courage than he has displayed during the past four years of mounting crisis. He will not be able merely to rely on the influence of the stars and planets to determine Sri Lanka's destiny.



Splitting the spoils of defeat

Peter Riddell on the prospects for an Alliance merger

NO POLITICAL event this year has been less expected, more bitter, less predictable in its outcome and more damaging to the participants than the Social Democratic Party's ballot of its members about future relations with the Liberals.

The announcement of the result on Thursday afternoon will have a majority impact on the shape of opposition politics.

At stake is not only the creation of a new party, but also the continued existence of the six-year Alliance between the Liberals and the Social Democrats and the future political role of Dr David Owen and Mr David Steel.

The debate was initiated by Mr Steel the weekend after the general election, partly to pre-empt internal Liberal manoeuvrings against him and partly to prevent what he saw as procrastination by Dr Owen. While his timing annoyed many Social Democrats, Mr Steel's call for "democratic fusion" of the two parties to strengthen the opposition to "Thatcherism" was taken up by three of the original Gang of Four (Mr Roy Jenkins, Mrs Shirley Williams and Mr Bill Rodgers).

After two weeks' of unusual silence, Dr Owen declared himself firmly opposed to merger and argued in favour of deepening the Alliance while retaining two separate parties. He has been supported by Mr John Cartwright, the SDP whip, and all but one of the party's five MPs (the exception being Mr Charles Kennedy) and by the party's two financial trustees, Sir Leslie Murphy and Mr David Sainsbury, finance director of Sainsbury's and a major backer of the SDP.

The manner in which the ballot has been fought has been as significant as the speculation about the outcome. There have been charges of factionalism, abuse of confidential membership lists, dereliction of duty, bad faith, ballot-rigging, smears, lack of nerve, obstinacy and conspiracy.

Several of the main participants, close colleagues for many years, are now not speaking to each other, and senior staff at SDP headquarters have resigned. There are now well-financed campaigns on both sides, sending out direct mail leaflets and placing newspaper advertisements.

Dr Owen has argued, "We could not be confident that a merged party would accept the need for a British nuclear deterrent, that it would uphold the absolute right of tenants to buy their council house, and that it would vote for the renewal of the Prevention of Terrorism Act." In his view, it is necessary to have two separate parties so that the SDP can preserve its distinctive policy approach. He has rejected Liberal suggestions of informal talks with Labour to defeat the Tories.

The SDP leader has described a merger as "basically defeatist," representing "a lack of nerve from the sort of liberal-minded—with a small l—people in this country whose nerve always folds." To him, it is an argument about whether there should be a hard or a soft centre in British politics.

This view is strongly disputed by the supporters of merger. Mr Rodgers has argued that "there is no great intellectual and emotional gulf between the two parties on policy; and there are differences within the ranks of each."

The pro-merger case is a reaction to the general election, when the Alliance's share of the vote fell by three points to 23 per cent—a result that makes it necessary not only to have a single leader but also a unified policy-making process and organisation.

Yet this highly public slanging-match has come from the party which said it represented the new politics—rational, measured and good-tempered. This image has now been shattered.

In fact what has happened over the last seven weeks is that the internal tensions of the past few years have become public. The split between Dr Owen and the rest of the Gang of Four, with supporters aligned on both sides, first developed after the 1983 election with arguments about the joint selection of parliamentary candidates. It deepened last year in the row over defence policy and the two sides have been privately rude about each other for some time.

The public nature of the squabbling makes it difficult to see how unity can be restored whichever way the ballot goes. It is hard to predict the result because of uncertainty about the views of the "armchair"

supporters among the SDP's 58,000 members. But judging solely by the expressed opinions of activists there may be a small majority for merger or union with the Liberals.

Either way, a split looks likely. Dr Owen and his close colleagues like Mr Cartwright have said they will not join a merged party and will remain Social Democrats; it is uncertain how much of an organisation they will establish. Even with only a rump group Dr Owen would probably retain political influence for the rest of this parliament. Despite Tory entreaties and Labour jibes he looks unlikely to join the Tories.

Supporters of merger in the "Yes to Unity" campaign have said they will accept the result of the ballot if it goes against them, yet some will probably join the Liberals and many more may drop out of active politics.

The Owen camp have argued that if they win, it will be possible to begin talks with the Liberals about continuing the Alliance after the dust has settled. Yet Mr Steel and the SDP pro-merger group have said it is merger or nothing.

The fresh start of 1981 now looks to be over. Even if merger is approved, there will be a fraught SDP conference at the end of August, with uncertainty about who is to be on the platform. There is speculation about whether Dr Owen will remain as leader and Mrs Williams has already said she will resign as party president if her side loses. This will be followed by the Liberals' own ballot and lengthy negotiations.

Mr Steel still hopes that it will be possible to get a new party up and running by next spring, in time to benefit from any swing against the Government over its community charge and education proposals. But the damage so far has been considerable, as shown in poor Alliance results in local council by-elections.

The favourite metaphor on all sides is that of marirage. Mr Steel has said it is time for wedding bells after a six-year engagement. Mr Cartwright and the Owen camp have talked of a shotgun marriage. It looks more like a messy divorce with separation inevitable and the ballot mainly an argument about the terms and the party's dwindling assets.

Le Pen cracks the whip in the circus of the right

HOLIDAYMAKERS at France's crowded beaches have had to endure a new and not always welcome attraction this year. Mr Jean-Marie Le Pen, the burly and bronzed leader of the French National Front, has been pitching the green and white tent of his summer circus at all the most popular seaside resorts.

Last week he was at Capbreton on the Atlantic shore, south of Bordeaux, after visiting Lourdes and travelling along the Mediterranean coast the week before. His circus has left a trail of political controversy, and has meant increasing worries for the conventional right-wing parties in government.

Campaigning on simple—if often unsavoury—racist issues, on security and nationalistic themes, Mr Le Pen has seen his popular support grow. The latest opinion polls give him 14 per cent of the national vote—more than the Communists who have slipped below 10 per cent. Flush with this progress, especially in the south, Le Pen has launched himself on the campaign trail for next year's presidential elections.

While party workers helped pitch his tent by the sand dunes of Capbreton, other supporters drove along the promenade distributing balloons to children and pamphlets to their parents, urging them to attend Mr Le Pen's rally that evening. "Do not take that balloon from that new Hitler," said one mother to a little boy. But other perfectly respectable families happily accepted them.

Under the tent, about 3,000 holidaymakers gathered; each had paid FFr 30 (£3) to attend the show. After some folk-dancing and a second-rate singer, the summer campaign manager, Mr Roger Holeindre, one of the Front's 33 deputies elected to the National Assembly in last year's elections, rose to warm up the crowd before his leader's arrival.

He claimed that the Front's opponents had sought to sabotage the campaign. The original blue, white and red tent, ordered from Italy, had burned down in Nice in mysterious circumstances and lorries in the Front's summer cavalcade had been tampered with.

The old ladies, middle-aged couples and some young ones applauded with relish when Mr Holeindre, who matches Mr Le Pen for rhetoric, roared: "We surprised them when we entered the National Assembly for the first time as deputies last year. They thought they would have to deal with savages pissing in the corridors of the assembly. Instead, they discovered well dressed and responsible representatives."

"Do not take that balloon from that new Hitler"—one reaction to Le Pen

Suddenly, there was great agitation at the tent entrance. Mr Le Pen had arrived. To the sound of a Verdi march, he stormed to the podium. He spoke for three solid hours on his favourite themes—immigration, security, keeping France for the French. He got everyone to stand up for a minute's silence in memory of the Frenchman killed in the Geneva hijack of an Air Afrique jet last week. To great uproar, he spoke about French Algeria and to great laughter he imitated the former president, Mr Valery Giscard d'Estaing, and the French Interior Minister, Mr Charles Pasqua.

Listening to Mr Le Pen inside, one could not help being fascinated by his charisma and his talent as an orator. Nor could one help wondering how it was that France—where intelligence remains the most sought-after virtue—first spawned the most hardline Stalinist Communist Party in the west, and now has the largest extreme-right party in Europe.

Mr Le Pen has been capitalising on the disaffection of the working class vote from the Communists by cleverly—if questionably—exploiting racist and nationalistic themes, especially in towns with heavy concentrations of immigrant workers, like Marseilles. What is more, he has been winning substantial support among middle-class voters and people who are not traditional extreme right supporters, but who are disillusioned or disgruntled with the conventional parties.

"In the '70s, Le Pen was hardly able to muster one per cent of votes. But he seized his opportunity by exploiting popular discontent against the traditional parties and outmanoeuvring the conventional right on simple but key issues, like immigration and security," explains a close adviser of an conservative minister.

Moreover, Mr Le Pen's support reaches into the *haute bourgeoisie*. Indeed, the National Front leader and his deputies can be found in some of the best drawing rooms in Paris, and at Sunday mass at Sainte Clotilde in the heart of the Faubourg Saint-Germain. For he has always had the support of those nostalgic for *l'Algerie francaise* and of the anti-Gaullist right.

His rise in popularity has caused profound political embarrassment and consternation to the traditional right-wing parties, the neo-Gaullist RPR of Mr Jacques Chirac, the Prime Minister, and the centrist UDF coalition. These parties are haunted by the dilemma of whether to refuse or agree to deal with the Front. At local level, the right has found that it can only secure a majority in many cities with Le Pen supporters' votes. This recently led to the controversial decision of the UDF mayor of Grasse, famous for its perfume, to accept an alliance with the Front to win the local poll.

Several leading figures of the right, including Mr Francois Leotard, Culture Minister, and Mr Michel Noir, Trade Minister, have urged their parties to refuse any deal with Mr Le Pen. But others take a more pragmatic view, believing that an alliance, at least in some parts of the country, will be inevitable.

It was President Mitterrand who, by changing the voting system to proportional representation, helped bring the Front into the National Assembly, causing a note of discord to sound in the right-wing camp, according to an RPR official. The right sought to limit the damage by reverting to the majority system.

But the move appears to be backfiring, as Le Pen continues to gain support. The majority system is now expected to favour him in any future election to the legislature. It is his role in these elections which poses the real challenge to the right, not his decision to run in next year's presidential contest, which he stands no chance of winning.

"If a right-wing candidate beats Mitterrand, should he run in the presidential elections next year, he will have to think carefully before dissolving parliament as is the normal tradition after presidential elections," says a political commentator on the right. "This is because there is a very serious risk that the traditional right-wing parties will find it hard to muster together a parliamentary majority without Le Pen and his friends."

Indeed, there is a developing school of thought on the right that to refuse to deal with Mr Le Pen is the best way to strengthen the Front leader. "It may seem deeply ironic, but the best way to fight Le Pen is to ally oneself with him. After all, it is what Mitterrand did with the Communists. With their strategy of the union of the left, the Socialists systematically squeezed the Communists out of existence," remarks a UDF supporter.

Paul Betts

Letters to the Editor

Cereal growing schemes

From Mr R. W. Dean.

Sir,—You report Mr John MacGregor, the Agriculture Minister, as apparently favouring a voluntary cereals set-aside scheme as opposed to the NFU's preference for a compulsory programme (July 23). I believe that the economic case for the former as opposed to the latter approach has not been stated with sufficient force.

We need to work towards an increasingly efficient and competitive cereal growing sector in the EC, not least in regard to the recent US proposal for a radical liberalisation of world agricultural trade by the beginning of the next century. Mr MacGregor's voluntary approach has a far greater chance of achieving this objective.

The voluntary scheme tabled by the Minister's predecessor would have paid £190 a hectare to those farmers agreeing to idle cereal acreage—equivalent after fallowing costs to about £165.

Farmers realising around or above this figure would clearly not be interested. What is not generally recognised, however, is the very wide range within which cereal growers' incomes can fall. Studies by Cambridge University in 1984 showed that, while *average* net margins from cereal growing were around £220 a hectare, some 34 per cent of growers achieved net margins of between £105 and £220 a hectare—and 5 per cent of growers actually made a net loss.

Reasons for this poorer than average performance included the growing of cereals on marginal land—but the fact remains that some of the farmers surveyed were just not very good at growing grain. Some used too many variable inputs, such as fertilisers and pesticides. Others—too many—had a high level of fixed costs, to say nothing of the cost of servicing debt. If we want to move towards an efficient structure of cereal production in the EC, then it is these producers that we need to persuade out of cereal growing, not their more efficient colleagues.

Let us assume for the sake of argument that anyone in the East Anglian farms surveyed, who was making less than £50 a hectare would have been interested in the prospect of £165 a hectare net set-aside premium, that is after taking fallowing costs into account. On this basis, I estimate that 12 per cent of growers surveyed would have signed up for set-aside. The proportion of the farmers growing grain on a north-facing Scottish hillside would, one assumes, be rather higher. And in 1985, a less favourable cereal growing year, one would presume that the proportion attracted by set-aside even in the UK's most prominent grain area would have been even higher.

In contrast, the compulsory NFU approach will force efficient growers to make good cereal growing land idle. This makes no sense with the objective of ensuring that cereal production is undertaken by those who, in every sense, are best equipped to undertake this particular activity. I can only restate that any policy as regards the cereal sector must seek not only to reduce the total acreage under production but also—as Mr MacGregor seems to appreciate—to ensure that such production as remains is undertaken in as efficient and as competitive a manner as possible.

R. W. Dean,
c/o The Farmers' Club,
3, Whitehall Court,
SW1

Getting Oftel's number

From the Deputy Director General of the Office of Telecommunications

Sir,—It appears from Mr Downey's letter about Oftel and British Telecom (July 25) that Mr Hanton's earlier letter (July 18) may have given rise to some misapprehension.

Mr Downey, like Mr Hanton, should have had no difficulty in obtaining Oftel's number. Our switchboard number (01 353 4020) can be found under "Office of Telecommunications" in all sections of BT's "the phone book" (including Mr Downey's local directory); the number of our complaints section (01 822 1650) is featured in section 5 of "the phone book" (page 1004 in Mr Downe's case), along with other consumer bodies; and our number also appears on the back of BT's bills. We try to respond helpfully to all points that are put to us; but, in their own interest, we do ask those with complaints about BT's service first to take up the matter with BT, and to come to us (or one of the Telecommunications Advisory Committees) if they are dissatisfied with BT's response. If they want us to consider substantive action we normally ask complainants to put the problem to us in writing. This avoids misunderstandings. I am sorry if these points were put in a way that Mr Downey found unhelpful. The opposite was intended.

On BT's new premium maintenance service, it is not correct that Oftel agreed to any aspect of the new arrangements without wider consultation, though some publicity from BT may unfortunately have given this impression. Our actions are on public record and speak for themselves, starting with the announcement on May 20 1986 that the Director General was investigating BT's proposed charges for this service. In January this year Professor Carsberg announced that BT had been unable to satisfy him that the proposed charges were reasonable in relation to costs; and he had therefore accepted BT's offer to provide service to emergency organisations as an interim measure at a cost of one half of the proposed prices. We will be monitoring the costs to ensure that actual charges are fair. Amendments to the BT, Mercury and Hull licences, to improve the arrangements for nominating the recipients of priority fault repair and to allow the PTOs to continue to provide this service free to customers who are immobile through long-term sickness or disability, which were announced on April 27, were widely advertised for public comment. BT's proposals were the subject of consultation with over 40 separate organisations, mainly representing users, and with our own advisory committees.

We take the view that it is in the interests of users that there should be a choice between round-the-clock maintenance service and service during working hours; and that those who wish to have round-the-clock service should pay the extra cost of providing it, rather than the cost being shared between all users whether they want the full service or not. We will monitor BT's basic maintenance service to ensure that this is not allowed to deteriorate and we will take action if deterioration is evident.

W. R. B. Wigglesworth.
Atlantic House,
Holborn Viaduct,
London EC1.

British Gas accounting

From Mr M. R. Jackson

Sir,—At the back of the British Gas Accounts we find some historic cost accounts, which inform us that profits before tax of £1,244m were made on capital employed of £5,821m. Some paying gas bills might find this 21.4 per cent return disconcerting.

However, reference to the current cost accounts will soon reassure them. Here we find profits before tax of only £1,005m were made on capital employed of £16,954m — a modest 5.9 per cent. Indeed, we might begin to feel sorry for British Gas with £17bn of assets to care for, until we find that with this immense burden, it was necessary to spend only £363m on additions to assets.

Somewhere within these figures the truth lies, but it is doubtful if many shareholders or consumers will appreciate it.

M. R. Jackson
Department of Systems,
University of Lancaster, Lancs.

Bottom of the gallop poll

From Mrs. L. Liddell.

Sir, — Having read David Lascelles' article, "Bottom of the gallop poll," (July 25), I would like to make the following observations based on my experience as a horse owner livering my horse on the "north" side of Hyde Park.

Conditions in the park are not conducive to mad horses in the hands of incompetents, careering round the rides. It would be foolhardy and negligent for any riding establishment to provide unmanageable horses for riders of diverse proficiency presenting themselves at stables. If Mr Lascelles' skill is such that he cannot make his horse do as he wishes, I am not at all surprised that he was put upon an animal as wise as Toffee.

From my experience, riding a large and keen thoroughbred in the park is not for the faint-hearted, as the general public seems to be completely unaware that an animal with a mind of its own and a mile-long stretch in front of it, will not stop dead the second the "brakes" are applied. I have had prams containing babies pushed under my cantering horse's nose, children running out after balls, dogs chewing my long - suffering animal's legs, bottles, cans, deckchairs and other dangerous objects littering my path, and apparently blind and deaf adults wandering in the ride. When politely asked to keep eyes and ears open for horses as it is a bridleway, one is subjected to a range of abuses. Riding in other situations does not prepare one for conditions in our park. Our horses are subjected to sight, sounds and experiences never encountered by the average horse. They are truly amazing creatures.

I agree that Hyde Park is splendid but cannot agree that enough has been done to "prepare" the park for riders. Some of the rides, particularly the Serpentine ride, are almost permanently waterlogged, too deep and too narrow. We have also lost the facility to ride right round the park due to the widening of Park Lane. There are no signs anywhere requesting the public to have consideration for horses and riders. I can assure Mr Lascelles that those of us who ride regularly in Hyde Park are only too aware of the shortcomings and are constantly campaigning for improvements.

(Mrs) Lindsay Liddell,
8 Albion Street W2.

European airlines

From Mr P. T. Walker

Sir,—So the EC plans to investigate the proposed BA-BCal merger? (July 23). The time would be better spent putting an end once and for all to the foot-dragging and delaying tactics employed by major European airlines (and their respective government owners) to prevent free competition in European air travel.

Several years' discussion between the EC and the cartel's members have not produced even a fudged agreement. The EC should now announce that time has run out and impose its own rules, with heavy fines and loss of landing rights for any persisting offender. The EC forces companies in other industries to abide by the Treaty of Rome—it is about time the airlines were brought to heel.

No more dithering, please!

P. T. Walker,
2 Ashcroft Rise,
Coulsdon, Surrey

Innovative tendering

From Mr R. Tweed

Sir,—BAA's innovative tender seems to have been successful, but the large number of small applications is unsatisfactory.

How many people who were allocated 100 shares are actually pleased with this result? Many no doubt, but there must also be many who prefer not to have such small holdings in their portfolios.

Would it be too complicated to invite applicants for more than say 1,000 shares to indicate if they would prefer to enter a ballot for 1,000 shares rather than have their applications scaled down?

If some BAA applicants had taken this option, and 10 per cent of them had received 1,000 shares, satisfaction would surely have been greater, and broker's offices a little less clogged.

Richard Tweed,
10 Lyndhurst Close,
Park Hill,
Croydon.

UK COMPANY NEWS

Britoil betters forecasts with £71m

BY LUCY KELLAWAY

Britoil, the largest UK independent oil company, yesterday started the oil sector's interim results season on a strong note, with almost tripled after-tax profits up from £28.1m to £71.3m for the six months to June. The interim dividend, which was cut in half last year in response to the plunge in profits, has been partially restored to 3p (2p).

The results were well above the forecasts of most City analysts, and the shares rose 17p to 345½p.

The recovery, which occurred despite a small fall in the average oil price from £11.59 to £10.98, was mainly due to tighter control of costs, stemming from last year's radical programme of redundancies, and much lower exploration expenditure.

Sir Philip Shelbourne, chairman, said that the results justified the cautious optimism expressed at the time of the AGM in March.

The results were boosted by the first oil production from the Clyde field, without which oil production would have shown a small fall. As it was, average production during the quarter was 187,000 (182,000) barrels of oil a day.

Operating profit almost doubled from £109m to £197m, due to a £60m reduction in the exploration write-off, and to higher margins. Mainly as a result of the lower exploration write-off, the provision for petroleum revenue tax increased from £33.9m to £74.5m.

During the first half, exploration expenditure was cut dramatically—from £70.4m to £14.2m—while capital expenditure as a whole fell from £192.5m in the first half of last year to £132.6m.

Sir Philip said that the company continued to invest in new projects, including the Audrey and North Valient gas fields, which received development approval earlier in the year. He said that opportunities overseas were being sought, with the acquisition of acreage in Ecuador, and negotiations being carried out in Egypt and Equatorial Guinea.

Britoil's financial position improved during the period, as last year's cash deficit of £123.2m was transformed into a surplus of £114.5m. However, this was mainly due to much lower PRT payments and to a refund of Advance PRT.

In June Britoil announced the sale of its American interests for $88m. The purchase price was slightly higher than anticipated, and the interim results contain an extraordinary credit of £3.2m.

See Lex

Sound Diffusion delays 1986 figures again

BY PHILIP COGGAN

Sound Diffusion, the electrical-equipment group, yesterday postponed once more the publication of its audited figures for 1986 and announced that its accounts for 1985 would have to be rewritten.

It seems probable that the group's accounts will be qualified when the audited results are eventually published. What is described as "a difference of view rather than of principle" remains between the company and its auditors, Ernst & Whinney, over the proportion of its gross profit of £30m that should be recognised in 1986. Although the disparity between the two views has been reduced, the company says that the auditors "may feel it necessary to comment" when the results are announced.

However, Ernst & Whinney now concur with Mr Paul Stonor, Sound Diffusion's chairman, who called in independent professional advice, that 1985's figures need to be modified with reference to new lease-evaluation models. That will require adjustments to accounts for the previous 16 years.

Sound Diffusion initially intended to produce figures on June 5 but after at first announcing a delay caused by "computer program anomalies," it became apparent that the company was in dispute with its auditors. It eventually produced unaudited figures for 1986 on June 30, showing profits of just under £10m, but the statutory period for producing audited figures ended yesterday. However, Sound Diffusion has been granted a three-month extension and now expects to announce its audited results in September.

Ever since the company announced the delay in its figures, a dissident shareholding group has been campaigning for the removal of Mr Stonor. Various candidates have been mooted both for the post of chairman and as potential bidders for the group, but only Britannia Security is known to have a share stake.

Sound Diffusion's brokers, Sheppards & Chase, resigned in June and the company says it is unlikely to appoint new brokers until audited figures are produced.

Berkeley Govett in midway jump to $11m

BY PHILIP COGGAN

Berkeley Govett, the Jersey-domiciled fund management group which acquired John Govett last November, yesterday announced a jump in interim pre-tax profits to $10.96m (£6.89m) from $6.42m in last year's first half.

The acquisition of John Govett added a broad fund-management arm to Berkeley, which had previously specialised in US development capital. However, the group is not breaking down profits between the two divisions, although it says John Govett's performance was "very satisfactory."

The company benefited from strong equity markets worldwide and from initial public offerings in the US which resulted in substantial gains on several portfolio holdings.

Berkeley launched three funds in the first half—Atlantic Income, SPI Berkeley Development Capital and KB Berkeley Japan Development Capital—raising about $130m between them. The group is also opening a new office in Boston, which will spearhead John Govett's fund-management activities in the US.

Fee income in the six months to June 30 was more than doubled at $13.7m ($5.67m) and investment income was also higher at $3.48m ($1.63m). But operating expenses, because of the purchase of John Govett, increased fourfold to $7.06m ($1.74m). The pre-tax profit included $3.98m ($1.57m) of capital gains made on sale of investments.

After tax of $2.86m ($1.57m), earnings per share were 14.2 US cents (11.2 US cents). The interim dividend is being set at 4 US cents (3 US cents) per share.

● comment

Fund management groups have been doing very nicely out of the raging bull markets and although Berkeley refuses to split its figures it seems likely that John Govett has made a very healthy contribution since it was acquired last November. But what hits other managers' ratings is the prospect that the market might not always be so favourable; Berkeley claims a certain amount of immunity in that its US development capital arm is not subject to the same cycle and indeed has already gone through the US electronic sector's problems of 1985. Certainly for the rest of this year, the three new funds should boost earnings and could allow pre-tax profits to his $26m, leaving the shares looking fairly valued on a prospective p/e of 19, at yesterday's 318p.

Geest makes purchase and in £11m placing

Geest, the fruit and vegetable supplier which came to the market in November, is to pay £10.2m in cash and shares for The Clipper Group, a fish products manufacturer, in a move aimed to take it into higher added value prepared foods.

It will also raise £11.5m for members of the Geest family with a 4.2m share placing.

Clipper's customers included leading multiples such as Marks & Spencer and Sainsbury's, said Mr David Sugden, financial director. It had recently expanded its traditional frozen fish market and entered the higher - margin over - ready market.

The Scotland-based group produced pre-tax profits of £548,000 on sales of £23.7m in the year to December 31, 1986, with net assets of £8m. The vendors have warranted that profits for 1987 will be not less than £885,000 and have undertaken to make up any shortfall.

The consideration will be satisfied by the issue of 3.57m new ordinary shares at 280p per share of which 2.1m have been placed with Hambros Bank Ltd and Cazenove & Co to raise £5.92m net of expenses, and the remainder retained by the vendors, who have agreed to keep them for a minimum of 12 months.

A further 4.2m ordinary shares are being placed on behalf of members of the Geest family, none of whom are directors of the group, to raise £11.5m.

Vallen Pollen

The relisting of Vallen Pollen International shares as the VPI Group, formed after the $114m acquisition of The Carter Organisation, met an enthusiastic response in the market yesterday, with VPI shares closing at 530p.

This compares with a suspension price of 290p, on June 16, and a 425p placement price for the 8.11m new ordinary shares used to fund the acquisition.

The unusual share placing at a premium was justified by the high profits of The Carter Organisation, based in New York, and the consequently higher earnings per share of the enlarged group. By issuing fewer new shares at a higher price, dilution of existing shares was avoided.

The market capitalisation of the enlarged group is now £114.72m, compared to a capitalisation at suspension of £39.27m.

Dixons in NY issue

Dixons Group, electrical retailer, is to issue shares in New York equivalent to about 2.3 per cent of its current equity. The offering of 2.825m American Depositary Shares, each representing three Dixons ordinary shares, will be underwritten by a syndicate managed by Morgan Stanley, First Boston and S. G. Warburg.

The issue has not yet been priced, but would have been worth about £32m at Friday's London price of 378p.

Newmark closures as profits fall

Louis Newmark, electronic and precision engineer and watch distributor, is undertaking a reorganisation which includes the sale of a subsidiary and a number of closures. The moves were announced with the reporting of annual pre-tax profits down by 24 per cent to £1.04m.

The company said that pressure on the margins of Kilbourn Martin, the needle importing company, had resulted in selling the offshoot to its main supplier. The consideration was £866,000 cash, which with £900,000 of working capital released would be used initially to cut borrowings.

The hydraulics division was being closed following the failure to improve margins. Newmark is also closing its Croydon factory and consolidating the aircraft and control engineering activities.

The company added that to accommodate the rationalisation it had decided to end making textile machine drives at the end of this year.

Turnover for the 12 months to March 28 1987 rose from £40.27m to £45.78m with stated earnings per share of 21.2p (31p). Directors propose maintaining the final payment at 9p for an unchanged total of 14p.

Turnover in the merchanting division rose by 21 per cent but profits were only ahead by 13¼ per cent reflecting the fall of sterling against the Swiss franc and the D-mark, directors said.

Pedigree mounts Alpine rescue

BY RICHARD TOMKINS

Pedigree, the privately-owned toy company best known for the Sindy dolls it used to make, has stepped in with a rescue plan for Alpine Soft Drinks, the ailing fizzy-drinks company in which shares were suspended on July 17 at 63p.

Under the plan, Pedigree will give Alpine a cash injection of up to £3.3m in exchange for shares which will leave it holding up to 57 per cent of Alpine's enlarged equity. Pedigree will also take control of Alpine's board.

The Takeover Panel has waived the requirement that Pedigree should be obliged to bid for the whole of Alpine. The shares will be re-listed on Monday.

Alpine has been struggling against tough competition in the fizzy-drinks business for several years. Iin the year to March 1987 it made pre-tax losses of £477,000 ompared with profits of £63,000 the year before.

Pedigree emerged out of the Dunbee - Comex - Marx group which collapsed in 1980. Until recently its main activity was making and selling Sindy dolls, but last August it sold the intellectual property rights in the range to Hasbro, the US toy group, for a mixture of cash and long-term royalties.

Alpine says Pedigree's cash and management injection should accelerate the drinks company's recovery and also help it expand into new fields where Pedigree's directors have expertise.

The plan is for Pedigree to subscribe for 8.6m new Alpine shares at 25p each subject to claw back by existing shareholders on a one-for-eight basis; then for Pedigree to take out an option on a further 3.8m Alpine shares at 30p each, exercisable over the next year.

Mr David Haggett, Pedigree's chairman, will take over as non-executive chairman of Alpine. Mr Jerry Reynolds of Pedigree will become Alpine's chief executive and Mr Hugh Sinclair, another Pedigree director, will also join the Alpine board.

Judge upholds 'freeze' on Fraser's shares

A HIGH Court judge yesterday continued a temporary "freezing" order on 280,000 Lonrho shares held by House of Fraser Holdings and three of its nominees.

The order will continue until a full hearing of Lonrho's action seeking a thorough investigation of House of Fraser's dealings in shares of the international trading company.

Lonrho began proceedings after questions about the company's accounts were put at its annual general meeting in March by shareholders who later turned out to be House of Fraser nominees.

Mr Justice Vinelott yesterday lifted a similar order, which had also been in force since April, on 30,000 shares held by House of Fraser's in-house legal adviser, Mr David Royston Webb. Both sides were given leave to appeal and the judge granted Lonrho a stay of seven days on his order in respect of Mr Webb's holding to allow for a possible appeal.

The judge said that the evidence now filed showed that last November, House of Fraser bought 500,000 Lonrho shares and sold 220,000 last February about the time Lonrho began asking questions. Other holdings held in the names of five people in House of Fraser's solicitors had also been sold at the end of March.

House of Fraser and Mr Webb had argued that the freezing orders should not continue as they had now made full disclosure of all their ownership of Lonrho shares.

But the judge said Lonrho had shown it was entitled to use the Companies Act to "probe and riscover the extent of the holdings covertly acquired" by House fo Fraser, and because of evidence of further holdings held by Broad Street Group a public relations firm which had been used by House of Fraser, and also small holdings by employees.

The judge said although evidence about the Broad Street Group shares was "almost entirely hearsay", the undisputed facts were that small holdings were acquired by a PR firm which in the past had acted for House of Fraser after discussions with Mr Webb and in the names of persons who would speak at the Lonrho AGM if requested.

"The circumstances do raise a question whether the proper inference to be drawn is that the contract for purchase of the shares was entered into on behalf of House of Fraser," he said.

Lonrho has submitted that Mr Webb's shares ought also to remain frozen because he had played an active part in "orchestrating" the purchase of shares with a view to furnishing apparently independent individuals with shares so they could attend Lonrho's annual meeting.

But the judge said there was "simply no evidence" to contradict Mr Webb's statement that neither House of Fraser nor the Al Fayed brothers, its owners, had any interest in his shares.

Mr Webb's failure to disclose that the shares had been purchased with the aid of a loan from House of Fraser's bankers, the Royal Bank of Scotland, had been "excusable," he said.

AG Stanley is buying Jacoa for £26m

By Mike Smith

SIX YEARS of on-off talks between Britain's two largest high street retailers of decorating products ended in agreement yesterday when A. G. Stanley, owner of the Fads chain of stores, announced the £26.5m acquisition of Jacoa Group.

For Stanley it was third time lucky. It tried to buy its rival in 1981 but Jacoa's then owner, the French company Ripolin, preferred to sell to management.

Jacoa, the main retail vehicle of which is the Decor 8 chain, had always seen the logic of a union and in 1983 it suggested a merger, which was agreed then abandoned. Until recently the two sides could never agree on price and on who should control the merged group.

Under yesterday's deal Mr Philip Jeffrey, who has been Jacoa chief executive for 10 years and 10 days, agreed to step down, although he will remain a director until at least the end of the year.

Mr Jeffrey, 45, joined Jacoa in 1977 with the brief of closing it. Ripolin bought the company in 1976 for £200,000 but was losing money. By the time of the management buy-out four years later Jacoa was worth £7m.

The enlarged Stanley group claims to be Britain's biggest wall coverings retailer, with a market share of 14 per cent, and one of the top five paint sellers with 11 per cent. Analysts said the acquisition would give the group more clout in the fierce battle for business with large out-of-town retailers.

By acquiring Jacoa, Stanley will almost double the number of its retail outlets to 385. Mr Roger Regan, managing director, said that whereas half of Jacoa's shops were in the north of England and Scotland, Stanley's shops were concentrated in the South.

The two groups' manufacturing facilities, Stanley's wallcoverings plant and Jacoa's paint making factory, also complemented each other.

Stanley is paying £11.4m in shares, and £15.1m in cash and loan notes. A one-for-five rights issue at 140p a share is aimed at raising £6.6m of the funds. Stanley's shares, which have more than doubled in value since the start of the year, closed 10p down at 179p.

Jaco made pre-tax profits of £2.5m and year-end assets were £5.4m. Stanley made 1986 pre-tax profits of £3.21m, a rise of 19 per cent.

Norfolk Capital calls for £44m to buy clubs

BY DAVID WALLER

Norfolk Capital Group, hotelier, is seeking to raise £44.2m in a one-for-three rights issue. Half of this is to be spent on buying the St James's Clubs in London and Paris from Mr Peter de Savary, financier and yachtsman. The rest will be used to cut borrowings and finance further expansion.

The London club was founded by Mr de Savary in 1981. It has 4,000 members who pay £250 a year to enjoy the club's restaurant, bar and library and have access to its 26 de-luxe suites and 16 double bedrooms.

Operating profits have grown from £56,000 in 1981-82 to a warranted £1.25m in the year to the end of July 1987.

"The club is open to anyone with good manners and who is polite to staff," explained a jean-clad and cigar-smoking Mr de Savary. "Membership is not limited to movie-stars and diplomats."

However, with room fees ranging from £130 to £700 a night, the membership profile clearly coincides with Norfolk's target market—the businessman and prosperous individual tourist.

Occupying a small chateau in the exclusive 16th Arrondissement, the Paris Club was opened in March this year, and has so far attracted 700 members.

Norfolk has also been granted an option to buy the St James's Club in Los Angeles for a maximum of $38m (£23.8m) at any time before the full opening of the club, scheduled for February next year.

Norfolk yesterday revealed interim taxable profits more than doubled in the last year, following several major acquisitions worth £44.5m in the last nine months. Mr Peter Eyles, chief executive, attributed the increased profits to sound management and improved margins.

Shares in Norfolk fell 2p to 49½p, compared to the 45p at which the new shares are being offered. Mr Eyles said that the price was above that which the Kuwaiti Investment Office and Scottish & Newcastle disposed of a total of 19 per cent of the company's shares last month.

In a separate development, Mr de Savary and associates have injected £1.62m into Highland Participants, an oil and gas exploration company quoted under Stock Exchange Rule 535(3), in return for a 15 per cent stake.

Kleen-e-ze sold for £17.5m

BY CLAY HARRIS

MR NED COOK, the former US commodities trader whose company made millions of dolars by selling wheat and soyabeans to the Soviet Union in 1972, yesterday turned his attention to a more mundane form of salesmanship: the door-to-door hawking of brushes and cleaning materials.

Mr Cook announced an agreed £17.5m cash takeover bid for Kleen-e-ze Holdings, a Bristol-based company which traces its roots to the Fuller Brush Company, a byword for doorstep selling in his native U. Mr Cook has bought more than 50 per cent of shares from trusts and members of Kleen-e-ze's founding Crook family.

Kleen-e-ze's new owner intends to introduce tighter financial controls and introduce new direct marketing techniques. In addition to distributing home caret products and cosmetics, Kleen-e-ze makes industrial brushes, draught excluders and pump dispensers.

Sshrdet shredta shreta shret sheta

The company is likely to add catalogue sales to its national force of 500 direct agents and 3,500 salesmen. It achieved pre-tax profits of £920,478 on turnover of £17.4m in the year to March 31.

Mr Cook is bidding through an investment company called Rightnovel, an apt description for his roller-coaster career as a commodities merchant and private investor. In 1972, he personally negotiated the secret sale of 1m tons of soyabeans and 600,000 tons of wheat to the Soviet Union.

With skilful hedging on the futures market, the deal made millions of dollars for Cook Industries, his family's Memphis-based company. Later in the 1970s, however, the company came unstuck in soyabean speculation (when the Hunts of Texas got the better of Cook). It was also convicted in 1976 of short-weighing grain customers.

Cook Industries was taken private in 1985. Mr Cook held a 60 per cent stake in the CTH chain of insurance brokers which was sold for $12m in 1984 and 70 per cent of Terminix, the second-largest US pest control company, which was sold to Servicemaster for $165m last December.

Mr Cook approached Kleen-e-ze after briefly considering a bid for Burke's Peerage to use its name as a marketing tool.

Mr John Gough, chief executive, will also become chairman, replacing Mrs Helena Crook, 89-year-old widow of the man who founded the company in 1923 as the UK offshoot of Fuller Brush after working in Boston with the original Mr Fuller. Mr Cook, aged 65, will be a non-executive director.

Kleen-e-ze shares soared 273p to close at 908p yesterday, well above Mr Cook's 600p cash offer. The bid was required under the Takeover Code. The listing will be retained.

Moray Firth

Moray Firth, the oil company quoted under rule 535.3, announced yesterday that its shares had been temporarily suspended at its own request.

The company is planning a capital reconstruction and a £462,000 rights issue, after which it plans to join the third market.

It said that its directors had been reviewing the future of the company given the limited prospects on its licence P374. The new money will be spent on buying new oil and gas exploration and production interests.

Suter lifts Amari stake to 15%

BY MIKE SMITH

Suter, the industrial conglomerate, yesterday said it increased its stake in Amari, the metals and plastics group, to 15 per cent.

It also announced four resignations from the board of Mitchell Cotts, the engineering and chemicals group it acquired in June. The departing directors are Mr John Storar, chairman, and non-executives Sir Peter Baldwin, Sir Victor Garland and Mr L. K. Soll.

Next acquires outstanding Paige stake from GUS

BY NIKKI TAIT

Next, the innovative fashion and furniture stores group, has bought out the 50 per cent interest in the Paige Group, a 197-strong chain of womenswear shops, held by Great Universal Stores, the mail order, retail and finance company.

The deal means that the owner will now go ahead with a substantial expansion of its Next clothing chain. Some 110 stores will be transformed into fashion stores, a smaller number will be turned into Salisbury's, the handbag and luggage chain, and around 40 to 50 outlets will be disposed of.

Paige shops currently cover some 400,000 sq ft, compared with the 900,000 sq ft belonging to Next ahead of its Combined English Stores acquisition last month.

In return for its 50 per cent holding in Paige, GUS is receiving 4.5m Next shares — a 1.27 per cent stake — which, with the Next price up 5p at 345p, is worth £15.5m. Next is also buying out GUS's 1.8m cumulative preference shares for £1.87m cash. In addition, GUS retains the freehold and larger leasehold interests involved at Paige, with Next taking on all tenant obligations.

Yesterday, Mr Harold Bowman, GUS's deputy chairman, refused to say whether the Next stake would be held, added to or sold. "We are pleased to be a shareholder in Next, and we hope it will be a profitable investment," was his only comment.

Paige has been a long-standing part of GUS, but in early 1986 the group did a deal with Combined English Stores under which CES got a 50 per cent stake and carried out the management of the stores while GUS retained the freehold and longer leasehold interests. Next then inherited the 50 per cent holding when it took over CES last month. The Salisbury chain is also a former part of Combined English Stores.

Neither Next nor GUS could give a profit figure for old-style Paige yesterday; however, analysts reckon that it did little more than break-even. GUS shares dropped 21p to 1,450p.

Watsham's surges to £3.92m

Watsham's, maker of optical, medical and technical products, reported pre-tax profits for the year to the end of March 1987 up by almost 50 per cent from £2.62m to £3.92m. Turnover for the period rose from £25.84m to £28.06m, a rise of 8.6 per cent.

During the year the company made a number of acquisitions.

Earnings per 5p share came out at 9.4p (7.9p) and directors are recommending a final dividend of 2.76p (2.4p) to make a total for the year of 4.11p compared with 3.6p last time.

Operating profit was £3.58m (£2.89m)

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div	Total for year	Total last year
Berkeley Govett‖ int	4†	—	3	—	8
Britoil ....int	3	—	2	—	8
Cardiff Property ...int	0.6†	—	0.6	—	1.85
Electronic Mach. int	0.3	—	Nil	—	Nil
Forminster	4.95	Oct 21	4.5	7.19	6.53
Leisuretime ....int	Nil	—	1.3	—	1.75
Merrydown‡	5	—	4.4*	6	5.3*
Louis Newmark	9	—	9	14	14
Norfolk Capital ...int	0.15†	—	0.13	—	0.38
Radiant Metal	1.75	—	1.5	2.75	2.5
Ryman Grp.†...2nd int.	1.4**	Sept 1	—	2	—
Tex Holdings	3.5	Sept 15	3	5	4.5
Watsham's	2.76	Oct 29	2.4	4.11	3.6

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock. ¶Third market. ‖US cents throughout. **In lieu of final.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+or-	Net Div.	Times Covered	Gross Yield	P.E. Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

APPOINTMENTS

Foselo Minsep finance director

FOSECO MINSEP has appointed Mr Robert E. Lambourne to its board. He will become group finance director on September 29 in succession to Mr Peter J. Welch, group commercial and finance director, who will be leaving the company to pursue other interests. Mr Lambourne is group secretary and treasurer of Foseco Minsep.

★

At PANMURE GORDON & CO the following will become directors on August 10: Mr C. Climie Miss D. Darlington, Mr R. J. L. Hall, Mr P. J. G. C. Martin, Mr S. C. Meisom, Mr N. J. Sansome and Mr R. C. Hollmeyer (non-executive).

★

Mr C. T. Wyatt has retired as a director and as chairman of COSTAIN GROUP, and Sir Godfrey Messervy has been appointed non-executive chairman from August 1.

★

Mr Mike Wallbridge has joined MIRROR GROUP NEWSPAPERS as development director data base marketing. He was responsible for British Telecom's data base marketing operation.

★

STANLEY MILLER has appointed Mr Tony Kelly as marketing director. He joins from Miller Construction where he was marketing manager for six years.

★

Mr J. W. Painter is appointed managing director of SUN LIFE DIRECT MARKETING, part of the Sun Life Assurance group. He succeeds Mr F. A. J. Berry who recently became responsible for all the group's sales activities. Mr A. McGuckin has become executive director of Sun Life Direct Marketing, while Mr S. G. Gapper and Mr J. D. Moore are made associate directors.

★

DRESSER INDUSTRIES INC has appointed Mr John W. Menzies as managing director of British Jeffrey Diamond (division of Dresser UK). He was managing director of Giddings & Lewis Fraser, the subsidiary of Giddings & Lewis, US.

★

ANGLIAN WINDOWS has appointed its chief accountant Mr Alan Green company secretary.

★

Mr Yohei Motoyama has been appointed managing director of KONICA BUSINESS MACHINES, the UK office technology subsidiary of Konishiroku Photo Ind Co and Mitsubishi Corporation of Japan.

★

Mr Robert Shellard, who joined Lease Plan recently from Lex Brooklands in Mayfair, has been appointed director of fleet operations by LEASE PLAN UK.

★

Mr David Hughes has been appointed a director of 3i CORPORATE FINANCE.

★

Mr Leslie G. Tench has been appointed a director of STEETLEY. Since October 1985 Mr Tench has been managing director of Steetley Brick and Tile, a wholly owned subsidiary of Steetley. He will continue in this role.

★

At ADDISON TOOL COMPANY Mr David L Addison has been appointed to the board and Mr John M. Brown becomes managing director of the metal forming division at Bamber Bridge, Preston, Lancs.

★

Mr Alexander Zagoreos, senior vice president of Lazard Freres & Co., New York, has been appointed a director of THE FLEMING UNIVERSAL INVESTMENT TRUST.

★

NATIONAL FREIGHT CONSORTIUM has made the following appointments: Mr Henry Lafferty has been appointed group managing director, NFC Property Group from October 4. Mr Lafferty has been director of finance for the Property Group since it was formed five years ago following the employee buy-out. Mr David H. White, deputy chairman NFC, who has been group managing director, Property Group since 1984 now relinquishes this operational role. He remains deputy chairman NFC, chairman, NFC Trustees, NFC Pensions Nominees, and NFC Share Trust, and continues his membership of the consortium board and consortium committee. Mr Denis Olliver has been appointed group managing director, Pickfords Removals. He will be strategically co-ordinating the five divisions that make up Pickfords Removals.

★

J. H. MINET has appointed Mr Patrick Riordan as an executive director of the engineers and contractors division.

★

REFLEX has appointed two additional directors: Mr Andrew Brymer becomes financial director and Mr John Brown sales director. Mr Brymer joins from Rapid Recall where he was financial controller. Mr Brown joins from management consultancy Mercuri International where for five years he was involved in the sales personnel development.

★

Admiral Sir Peter Austin, has been appointed to the board of MASTIFF ELECTRONIC SYSTEMS. Following his retirement from the Royal Navy, Sir Peter was appointed operations director, Mersey Docks and Harbour Company.

★

AQUASEAL has appointed Mr Michael Newey as sales and marketing director. This newly-created executive post sees him taking full responsibility for the company's marketing and selling operations in the UK and export markets. He was sales director with Unibond/Copydex.

★

RACAL-DECCA ADVANCED DEVELOPMENT has appointed Mr Peter Blair as its director-in-charge. He retains his position as director of future programmes of Racal Defence Radar. He succeeds Mr Chris Webb at Racal-Decca Advanced Development following Mr Webb's appointment as deputy managing director of the Racal Marine Group.

★

CITY LINK TRANSPORT has appointed Mr Ian Thomas as director of City Link—Reading. He is manager corporate development at the headquarters at Sunbury-on-Thames. He now assumes additional responsibility as director of the company's Reading operation.

Sir Godfrey Messervy, non-executive chairman of Costain Group

★

Following the retirement of Mr Peter Randle as director of the BKCEC, a single secretariat for all the organisations housed within the BRITISH APPAREL CENTRE is being created to operate from August 1. Mr John Wilson, the director of BCIA and secretary of the British Fashion Council, is to become additionally the director of the British Knitting and Clothing Export Council. He will also be chief executive of the British Apparel Centre, with overall responsibility for the strategy, finance and policy of all the organisations at the Centre. Mr Tony Bicknell will become executive director of the British Apparel Centre in addition to continuing with his current responsibilities to the BKCEC. Mr Peter Valpy is to join the BKCEC as executive director with responsibility for the day-to-day running of the Council and the development of marketing and promotional policy for all the organisations within the Centre. Ms Elizabeth Fox, as assistant director of BCIA, will assume some of Mr Wilson's current responsibilities within BCIA and also be responsible for co-ordinating statistical and advice services on international and domestic trading issues for all the organisations within the Centre.

★

VICKERS SYSTEMS has appointed Mr Nicholas P. Brown as director of sales, Europe, with responsibility for sales of components and systems to the industrial and mobile sectors of industry throughout Europe. He was OEM sales manager at the company's commercial headquarters in Troy, Michigan, US.

★

Mr Brian O'Connor has been appointed chairman of CRESTA HOLDINGS while retaining his current position of chief executive.

★

ATLANTIC COMPUTERS has appointed Mr John O'Carroll to the board. He joined Atlantic in 1984 to form Atlantic Medical to supply and finance high technology medical equipment for hospitals and general equipment for nursing homes. He will retain his responsibilities as managing director of Atlantic Medical and Atlantic Leasing.

★

Mr Harry Leach has been nominated executive chairman of the TEXTILE TECHNOLOGY GROUP, the new research and technology organisation to be formed by the planned coalition of the Shirley Institute and the Wira Technology Group. He was previously a director of Tootal and has recently completed a two-year term of office as president of the British Textile Confederation.

★

At BRITISH SHOE CORPORATION, a division of Sears, Mr John Fallon is appointed finance director on August 3. He will succeed Mr Andrew Duncan who retires on September 30. Following the establishment of four new retail businesses within BSC, Mr John Chapman is appointed managing director, volume sector, and Mr Philip Hammersley is appointed managing director, family sector, both from August 3.

★

SOUTH FIFE ENTERPRISE TRUST has made Ms Kathy Greenwood an assistant director on a part-time basis. She will continue with her existing accountancy practice.

★

Alfred McAlpine Homes—one of the four divisions of Alfred McAlpine — has apointed Mr Stephen Charlesworth-Jones to the board of ALFRED McALPINE HOME PRODUCTS. He joins from LCP Developments, where he was responsible for all aspects of property, development and investment.

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Friday July 31 1987 — Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Thurs July 30 — Index No.	Wed July 29 — Index No.	Tues July 28 — Index No.	Year ago (approx.) — Index No.	1987 High		1987 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (212)	1007.46	−0.4	6.82	2.71	18.41	12.60	1011.79	1013.58	1002.22	697.90	1030.07	16/7	696.73	2/1	1030.07	16/7/87	50.71	13/12/74
2	Building Materials (30)	1316.51	−1.0	6.76	2.61	18.43	15.55	1329.96	1327.78	1305.07	782.45	1381.03	16/7	868.39	5/1	1381.03	16/7/87	44.27	11/12/74
3	Contracting, Construction (33)	1865.72	−0.2	6.45	2.57	20.74	19.38	1869.30	1867.82	1851.86	1198.81	1951.50	16/7	1105.88	2/1	1951.50	16/7/87	71.48	2/12/74
4	Electricals (12)	2670.91	−0.6	5.63	2.90	22.89	36.58	2685.96	2696.52	2684.25	1814.42	2733.45	20/7	1772.22	2/1	2733.45	20/7/87	84.71	25/6/62
5	Electronics (35)	2125.91	−0.2	7.22	2.31	17.95	27.83	2129.16	2159.56	2145.48	1605.44	2236.70	17/7	1543.77	2/1	2236.70	17/7/87	1229.01	8/10/85
6	Mechanical Engineering (60)	539.21	−0.3	7.47	3.15	16.81	8.01	541.06	542.20	533.19	389.74	542.20	29/7	393.65	2/1	542.20	29/7/87	45.43	5/1/75
8	Metals and Metal Forming (7)	585.84	−0.9	6.63	2.69	18.18	6.86	591.16	586.88	579.23	342.07	591.16	30/7	355.97	2/1	591.16	30/7/87	49.65	6/1/75
9	Motors (14)	402.06	−0.1	7.50	2.67	15.50	3.42	402.46	394.34	391.77	288.10	406.20	16/7	272.03	2/1	406.20	16/7/87	19.91	6/1/75
10	Other Industrial Materials (21)	1656.44	−0.2	5.02	2.93	20.74	22.53	1659.85	1660.32	1645.80	1237.82	1712.49	16/7	1179.19	2/1	1712.49	16/7/87	277.55	15/1/81
21	CONSUMER GROUP (183)	1368.47	−0.5	5.79	2.49	22.37	14.82	1370.68	1377.11	1364.57	896.73	1406.32	16/7	950.67	2/1	1406.32	16/7/87	61.41	13/12/74
22	Brewers and Distillers (22)	1229.50	−0.5	7.55	2.90	16.74	13.24	1235.95	1244.24	1229.61	908.30	1269.35	16/7	938.04	2/1	1269.35	16/7/87	69.47	13/12/74
25	Food Manufacturing (24)	1044.71	−0.5	6.71	2.92	19.36	15.17	1050.43	1057.14	1046.72	667.22	1092.25	16/7	730.32	2/1	1092.25	16/7/87	59.67	11/12/74
26	Food Retailing (16)	2557.42	−0.7	5.07	2.27	26.84	25.07	2576.25	2565.95	2543.59	1797.70	2649.96	16/7	1803.08	2/1	2649.96	16/7/87	54.25	11/12/74
27	Health and Household Goods (10)	2553.44	−0.3	3.96	1.57	29.53	15.35	2574.91	2596.29	2597.32	1509.15	2699.85	16/7	1645.79	2/1	2699.85	16/7/87	175.38	28/5/80
29	Leisure (31)	1426.00	−0.1	5.85	3.05	22.15	20.69	1427.53	1438.86	1431.69	895.02	1480.59	16/7	986.35	2/1	1480.59	16/7/87	54.83	9/1/75
31	Packaging & Paper (15)	728.92	−0.8	5.60	2.38	23.62	7.08	734.44	728.24	720.14	459.57	739.48	16/7	491.50	2/1	739.48	16/7/87	43.46	6/1/75
32	Publishing & Printing (13)	4591.13	−0.8	4.52	3.09	28.40	59.63	4627.35	4591.92	4483.86	2443.03	4627.35	30/7	2713.49	2/1	4627.35	30/7/87	55.08	6/1/75
34	Stores (36)	1148.37	−0.2	6.19	2.52	21.93	12.81	1150.66	1160.58	1148.01	850.10	1160.58	29/7	895.17	2/1	1160.58	29/7/87	52.63	6/1/75
35	Textiles (16)	846.86	−0.3	7.32	2.65	15.85	11.71	849.31	852.36	837.00	521.89	876.07	15/7	541.39	2/1	876.07	15/7/87	62.66	11/12/74
40	OTHER GROUPS (88)	1155.25	−0.5	7.50	3.05	16.67	11.45	1162.20	1164.97	1156.62	746.17	1192.30	16/7	815.89	5/1	1192.30	16/7/87	58.63	6/1/75
41	Agencies (16)	1749.89	−1.5	3.98	1.38	33.19	18.01	1776.29	1770.81	1758.78	0.0	1795.57	17/7	1111.16	2/1	1795.57	17/7/87	1111.16	2/1/87
42	Chemicals (22)	1466.09	−0.4	6.72	3.11	18.20	21.83	1471.69	1479.10	1453.64	913.48	1479.10	29/7	1002.81	2/1	1479.10	29/7/87	71.20	1/12/74
43	Conglomerates (12)	1483.86	+0.3	7.16	3.10	16.82	18.93	1478.78	1478.67	1468.17	0.0	1546.12	16/7	1112.14	2/1	1546.12	16/7/87	1112.14	2/1/87
45	Shipping and Transport (12)	2387.80	−0.2	6.74	3.34	19.75	37.76	2392.57	2414.19	2404.07	1452.04	2497.85	16/7	1567.77	2/1	2497.85	16/7/87	90.80	29/6/62
47	Telephone Networks (2)	1122.31	−1.1	8.99	3.60	14.83	2.95	1134.40	1145.45	1139.67	773.52	1274.14	9/6	837.15	5/1	1274.14	9/6/87	517.92	30/11/84
48	Miscellaneous (24)	1638.57	−0.5	8.53	2.71	13.97	18.99	1647.36	1631.37	1630.93	1012.26	1715.19	17/7	1101.37	5/1	1715.19	17/7/87	60.39	6/7/75
49	INDUSTRIAL GROUP (483)	1230.55	−0.5	6.52	2.70	19.41	13.57	1236.74	1240.84	1229.50	816.67	1268.86	16/7	860.46	2/1	1268.86	16/7/87	59.01	13/12/74
51	Oil & Gas (17)	2364.75	+0.7	4.63	3.91	27.98	44.63	2348.38	2345.49	2312.25	1182.28	2458.68	16/7	1506.69	5/1	2458.68	16/7/87	87.25	29/5/62
59	500 SHARE INDEX (500)	1326.83	−0.3	6.23	2.88	20.35	16.27	1331.11	1334.61	1321.41	849.04	1369.88	16/7	915.61	2/1	1369.88	16/7/87	63.49	13/12/74
61	FINANCIAL GROUP (119)	850.35	−0.9	—	3.49	—	14.01	858.43	867.48	862.40	590.69	882.11	16/7	615.75	2/1	882.11	16/7/87	55.88	13/12/74
62	Banks (8)	843.37	−1.0	16.41	4.57	8.05	17.82	851.49	875.01	877.15	632.21	898.38	16/7	685.07	14/4	898.38	16/7/87	62.44	12/12/74
65	Insurance (Life) (9)	1145.86	−1.0	—	3.67	—	28.71	1157.67	1169.60	1137.95	827.97	1194.71	7/7	869.23	2/1	1194.71	7/7/87	44.88	2/1/75
66	Insurance (Composite) (7)	643.01	−1.1	—	3.81	—	11.76	650.10	650.65	649.22	474.45	664.97	20/7	456.52	2/1	664.97	20/7/87	43.96	13/12/74
67	Insurance (Brokers) (9)	1361.47	−1.1	8.29	4.17	15.53	26.32	1377.19	1378.64	1370.94	1210.54	1399.56	17/7	1089.71	14/4	1399.56	17/7/87	65.86	16/12/74
68	Merchant Banks (11)	494.29	−0.1	—	2.74	—	6.88	494.71	499.82	497.45	326.36	505.57	20/7	345.85	2/1	505.57	20/7/87	31.21	7/1/75
69	Property (47)	1308.32	−1.3	3.66	2.27	35.32	12.29	1320.74	1325.61	1312.95	776.96	1374.86	16/7	805.82	5/1	1374.86	16/7/87	56.01	20/4/65
70	Other Financial (28)	596.34	−0.3	5.55	2.56	22.78	7.44	598.00	596.25	595.08	335.36	603.48	16/7	365.01	2/1	603.48	16/7/87	33.29	17/12/74
71	Investment Trusts (91)	1122.47	−0.2	—	2.14	—	11.46	1125.18	1128.18	1124.40	745.61	1149.12	16/7	867.57	2/1	1149.12	16/7/87	71.12	13/12/74
81	Mining Finance (2)	701.29	+1.4	4.81	2.37	23.86	6.79	691.41	664.68	638.63	244.74	701.29	31/7	341.86	2/1	701.29	31/7/87	66.31	30/9/74
91	Overseas Traders (10)	1198.93	+1.7	7.65	3.95	15.52	23.33	1171.26	1171.28	1156.28	619.62	1197.23	17/7	778.26	2/1	1197.23	17/7/87	97.37	6/1/75
99	ALL-SHARE INDEX (722)	1202.19	−0.4	—	2.95	—	15.44	1206.65	1210.46	1198.96	773.01	1238.57	16/7	835.48	2/1	1238.57	16/7/87	61.92	13/12/74
		Index No.	Day's Change	Day's High	Day's Low	July 30	July 29	July 28	July 27	July 24	Year ago								
	FT-SE 100 SHARE INDEX ‡	2360.9	−9.6	2360.9	2343.8	2370.5	2383.1	2359.9	2333.9	2346.9	1561.8	2443.4	16/7	1674.5	2/1	2443.4	16/7/87	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri July 31	Day's change %	Thurs July 30	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	121.94	−0.05	122.00	—	6.83
2	5-15 years	137.02	−0.60	137.85	—	8.51
3	Over 15 years	145.97	−0.84	147.21	—	7.25
4	Irredeemables	159.02	−1.27	161.08	—	7.27
5	All stocks	134.53	−0.49	135.19	—	7.78
	Index-Linked					
6	5 years	122.53	+0.02	122.51	—	1.57
7	Over 5 years	115.79	−0.34	116.18	—	2.08
8	All stocks	116.17	−0.31	116.52	—	2.03
9	Debentures & Loans	120.12	−0.72	120.99	—	6.20
10	Preference	87.77	−0.25	87.99	—	3.49

	AVERAGE GROSS REDEMPTION YIELDS		Fri July 31	Thurs July 30	Year ago (approx.)	1987 Highs		1987 Lows	
	British Government								
1	Low	5 years	8.50	8.44	8.24	9.78	2/1	7.52	11/5
2	Coupons	15 years	9.55	9.45	9.25	10.08	2/1	8.53	8/5
3		25 years	9.56	9.46	9.28	10.08	2/1	8.55	8/5
4	Medium	5 years	9.77	9.67	9.57	10.80	2/1	8.39	8/5
5	Coupons	15 years	9.84	9.72	9.57	10.39	2/1	8.74	8/5
6		25 years	9.84	9.72	9.57	10.18	2/1	8.75	8/5
7	High	5 years	9.91	9.81	9.74	10.84	2/1	8.58	8/5
8	Coupons	15 years	9.97	9.85	9.72	10.57	2/1	8.86	8/5
9		25 years	9.67	9.56	9.56	10.24	2/1	8.72	8/5
10	Irredeemables †		9.44	9.32	9.26	10.06	2/1	8.67	8/5
	Index-Linked								
11	Inflat'n rate 5%	5 yrs	2.57	2.55	3.86	3.95	2/1	2.03	20/5
12	Inflat'n rate 5%	Over 5 yrs	3.80	3.78	3.56	3.87	2/1	3.30	6/4
13	Inflat'n rate 10%	5 yrs	2.35	2.33	2.62	2.57	16/4	0.85	24/3
14	Inflat'n rate 10%	Over 5 yrs	3.76	3.73	3.40	3.79	27/7	3.17	27/3
15	Debs &	5 years	10.55	10.46	10.01	11.46	2/1	9.46	12/6
16	Loans	15 years	10.55	10.46	10.43	11.38	2/1	9.79	23/3
17		25 years	10.55	10.46	10.49	11.30	2/1	9.84	23/3
18	Preference †		10.38	10.35	10.88	11.83	2/1	10.05	22/6

‡ Opening index 2357.6; 10 am 2359.9; 11 am 2347.0; Noon 2347.1; 1 pm 2352.8; 2 pm 2356.0; 3 pm 2351.6; 3.30 pm 2353.1; 4 pm 2353.7.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/04/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/04/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs. & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 32p.

CONSTITUENT CHANGES: Octopus Publishing Group (32) has been deleted and replaced by BAA (45). NAME CHANGES: Micro Business Systems to MBS (5) and Rugby Portland Cement to Rugby Group (2).

Two US regional banks in $1.34bn combination

BY WILLIAM HALL IN NEW YORK

FIRST FIDELITY Bancorporation and Fidelcor, two medium-sized US regional banks, have announced a $1.34bn merger which will create one of the biggest US "super-regional" banking groups with assets of $27bn and over 500 offices in New Jersey and Pennsylvania.

The merger is one of the biggest in US banking history and is the latest in a wave of mergers among banks based in the north-eastern US.

The First Fidelity-Fidelcor combination, designed as a marriage of equals, will create an interstate banking group to be known as First Fidelity Bancorporation based in New Jersey.

Fidelcor shareholders will receive 1.16 shares of the new First Fidelity Bancorporation's common stock for each Fidelcor share and First Fidelity shareholders will swap their shares for an equal amount of stock in the new company. Fidelcor shareholders will receive an effective 28 per cent rise in their dividend income on the new shares.

First Fidelity shares fell sharply on the news while Fidelcor shares jumped higher reflecting investor concern that First Fidelity might be paying too much for its smaller rival.

By midday Fidelcor shares were $4¼ higher at $42⅞ and First Fidelity $4 lower at $39⅞.

Mr Robert R. Ferguson, First Fidelity's current chief executive, will be chairman of the new company and Mr Harold W. Pote, Fidelcor's chief executive, will be president and chief executive.

First Fidelity, with assets of $15.4bn and 309 offices, is celebrating its 175th anniversary this year, and Fidelcor, which traces its history back more than a century, has assets of $11.7bn and 192 offices in eastern Pennsylvania.

C$417m offer for Dome interest

By Robert Gibbens in Montreal

PAMOUR, a Toronto-based mining group, is offering C$417m ($315m) to the troubled Dome Petroleum group for a 19.99 per cent stake in Dome Mines, Canada's largest gold mining company.

Dome Petroleum, which is itself the subject of a C$5.2bn takeover bid from Amoco Canada Petroleum, has a 21.5 per cent interest in Dome Mines. Pamour is bidding C$21.50 a share. No follow-up offer to other stockholders of Dome Mines is needed, because the interest sought is under 20 per cent.

Pamour, which has been given a new lease of life under the leadership of Clifford Frame, former head of Denison Mines, said it wants to complete the deal by August 10. It would be financed by a loan from Giant Resources of Australia, an offshoot of Ariadne Australia, the investment headed by Mr Bruce Judge.

The bid may be opposed by Dome Mines, Placer Development and Campbell Red Lake Mines, three companies with meetings planned for August 12 in Toronto to approve merger proposals.

Dome Mines, which owns 19.5 per cent of Dome Petroleum and guarantees C$225m of Dome Petroleum's total C$6bn debt, would clearly like to scale down its longstanding links with the troubled oil group.

If the three-way merger were to go through, Dome Petroleum would end up controlling just 8 per cent of the enlarged mining group.

Steinberg to head Frank B. Hall

BY OUR NEW YORK STAFF

MR SAUL STEINBERG, the Wall Street corporate raider, has taken over as chairman and chief executive of Frank B. Hall, the troubled US insurance broker, in a bid to salvage one of his less successful investments.

Frank B. Hall is the world's fifth biggest insurance broker and employs 7,000 people in 215 offices in 27 countries around the world.

However, it has also been among the most accident-prone of insurance brokers. Its profits have been under pressure for several quarters and its share price has been depressed because of concern among investors about the impact of a $140m lawsuit, filed by the New York Superintendent of Insurance, in an effort to recoup losses arising from the insolvency of one of Hall's insurance subsidiaries.

Earlier this week the company reported a net loss of $2.2m on revenues of $90.2m for the second quarter and a 60 per cent decline in earnings for the first half to $5.6m. I blamed its poor performance on a softening insurance brokerage market, a decline in policy renewals, and less new business than anticipated in domestic retail and reinsurance brokerage.

Saul Steinberg: "Very optimistic" about Hall's future

Mr Steinberg's Reliance Group first took a stake in the company in mid-1983 and has injected fresh capital so that, with the exercise of warrants, it now controls 49.4 per cent.

Mr Steinberg, 47, replaces Mr John McCaffrey, who had himself replaced Mr Albert Tahmoush, following the latter's dismissal in August 1985. The company said yesterday that "differences of opinion concerning how to improve the financial performance of the company" had precipitated McCaffrey's resignation. Mr Peter Pruitt, Hall's president and chief operating officer, will continue in his present capacity.

Mr Steinberg said yesterday that he was "very optimistic" about Hall's future. "The company is well known and has one of the finest field and support organisations in the insurance industry. We need to rededicate the company to serving the needs of its clients, and we will quickly implement the programmes necessary to make Hall a more vital and effective competitor."

Ansett owners buy East-West

BY CHRIS SHERWELL IN SYDNEY

TNT, the Australian transport company headed by Sir Peter Abeles, and Mr Rupert Murdoch's News group yesterday announced the joint purchase of East-West Airlines, the aggressive discount airline operating out of New South Wales.

The purchase, for an undisclosed sum, was made from the Perron group, the Perth-based private business which only 10 days ago bought East-West and another airline, Skywest, from the Griffin group of companies, itself a private Western Australian group.

The acquisition gives a significant ficant boost to the powerful position of TNT and News group as airline owners, since the two already jointly control Ansett Airlines, the only private sector airline to operate on major trunk routes.

Ansett is known to be a big profit generator for the two companies, thanks largely to the Government's restrictive two-airline policy. Under this, competition on trunk routes is provided by Australian Airlines, the state-owned airline.

The Government is now considering whether to privatise Australian Airlines as part of a wider deregulation of the airways. Ironically, it was East-West which launched a legal challenge to the two-airline policy, a decision on which is still awaited.

Sir Peter was quoted yesterday as saying that East-West would be retained as a separate entity and that its operations would expand.

In an apparent reference to TNT's recent large order for BAe 146 aircraft, he said the company had many new aircraft becoming available which were ideal for application to the future East-West market.

Since the sale of East-West to the Perron group, local reports have said the airline, which was due to be floated in September, was making a loss.

Wolters claims victory in Kluwer battle

By Laura Raum in Amsterdam

WOLTERS SAMSON, the Netherlands' fourth largest publisher, yesterday claimed to have taken control of Kluwer, a rival publisher, in a victory that appears to end the most hostile takeover battle in recent Dutch history.

Mr Mijndert Ververs, chairman of Wolters Samson, yesterday steadfastly refused to reveal exactly what percentage of Klumer common stock had been received under a public tender offer. He said acceptances were still being processed but insisted that counting up to yesterday morning had revealed a majority.

A competing bid from Elsevier, the second-ranked publisher in the Netherlands, runs until Monday. Elsevier, which has a 30 per cent stake in Kluwer, is due to announce early next week how many acceptances it has received under its public tender offer. Elsevier previously has said it would be satisfied with a minority stake in Kluwer.

A legal fight by Elsevier against some of the defence tactics used by Kluwer during the takeover is still a possibility.

As a result of the Kluwer takeover, Wolters Samsom will become the second largest publishing concern in the Netherlands and an international leader in professional, business and educational publications.

NZ finance groups plan merger

TWO OF New Zealand's biggest financial organisations, Development Finance Corporation (DFC) and Trust Bank, are to merge to form a substantial new banking group, writes Dai Hayward in New Zealand.

The combined group will have assets of NZ$5.5bn (US$3.1bn), making it one of the top six in the country's financial sector. The move is seen as an effort by the two institutions to reinforce their presence amid deregulation in New Zealand banking, to enable them to compete with the eight new overseas and local institutions which have been registered as banks.

Trust Bank was itself formed *from the merger of the 12* regional trustee savings banks although Auckland Savings Bank, the largest of the group, later pulled out. Trust Bank has a countrywide retail banking operation and its own electronic funds transfer point of sale network in competition with trading banks.

DFC was established by the Government some years ago to finance new companies and industrial development projects.

The merged group projects a profit of more than NZ$100m for the 1987-88 year.

Approval is required from the Commerce Commission for the merger but no major obstacles are foreseen.

Hunt retirement refuels NZFP speculation

BY DAI HAYWARD IN WELLINGTON

A SUDDEN decision by Mr Warren Hunt, New Zealand Forest Products managing director, to take early retirement—only days after a similar move by Mr Lyn Papps, the company chairman — has refuelled market speculation of behind-the-scenes activity in the takeover battle for NZFP.

Next Tuesday the Commerce Commission begins hearing a submission to allow Amcor of Australia to merge with NZFP. Later in the week the commission is also due to deliver its decision on a bid by Fletcher Challenge.

Mr Hunt and Mr Papps were known to suport the Amcor move. Mr Hunt has been the NZFP representative on Amcor's board. His resignation will take effect from August 20.

Amcor already owns 12 per cent of NZFP. It has aranged to buy the 24 per cent holding now owned by Rada Corporation, an investment company. Amcor and NZFP plan to merge their pulp and paper operations.

Just a few days before he announced his retirement last week, Mr Papps said the merger was "a highly beneficial rationalisation of resources". This was supported by Mr Hunt who said there was a strong existing compatibility.

The NZFP management claimed the domestic customers would be more efficiently served by the merger which would also strengthen the international base for both companies.

NZFP also has 24.9 per cent of Rada, and these two jointly hold a 14.9 per cent stake in North Broken Hill, the parent company, one of Australia's big paper manufacturers.

Fletcher Challenge first made a bid for NZFP early this year. This was later withdrawn, then in a surprise move reinstated a few weeks ago. The Commerce Commission had earlier indicated it believed Fletcher Challenge was the only significant domestic competitor for NZFP in packaging and allied products.

When it reinstated its bid Fletcher revealed it now has agreement to buy the 12 per cent of NZFP held by the AMP Society, the large Australian institution. With the 13 per cent it already holds, this would give Fletcher Challenge a significant start in its bid to gain outright control.

Fletcher also has to receive Commerce Commission approval to buy the AMP state.

Just prior to the resignation of Mr Papps and Mr Hunt, NZFP announced a new direction following a review of the company's activities. It said NZFP would remain a forest based company and planned to develop aspects of this industry. At the same time, it would shed various investments and operations which were not based on forestry although its future strategy did not rule out acquiring major businesses outside the forest industry.

Foreign banks find going tough in Japan

BY YOKO SHIBATA IN TOKYO

THE 79 foreign banks operating in Japan reported a 38.5 per cent fall in combined pre-tax profits to Y18.69bn ($125.1m) in the year to March, which was blamed on a fall in loan demand combined with lower earnings on foreign exchange dealing in a much less hectic market.

Some leading American banks have moved to curtail low margin loan business. Meanwhile, the foreign institutions lost privileges they had held in the past as a series of deregulation measures taken by the Ministry of Finance abolished, for example, the swap limit on the conversion of foreign currency into yen.

TOP 10 BY PRE-TAX PROFITS (Ybn)	
Chemical Bank	2.11
Bankers Trust	2.03
Citibank	1.64
Morgan Bank	1.55
First Bank (Korea)	1.52
Manufacturers Hanover	1.49
Irving Trust	1.38
First Chicago	1.38
Parisbas	1.10
First Interstate Bank of California	0.96

They now stand at a disadvantageous position in competing with Japanese banks in lending. Accordingly, they have been shifting their stress towards dealings in foreign exchange and bonds. However, they have had little opportunity to earn trading gains in a relatively quiet market.

Foreign banks performed best in 1980 when aggregate pre-tax profits reached Y52.8bn for the then 64 participants. A steep downturn then ensued, which was arrested in 1985-86 on the back of strong foreign exchange and bond market earnings.

In the latest year, most of the banks suffered a 10 per cent to 30 per cent fall in foreign exchange dealings. Heavier investment in expansion of offices and dealing rooms depressed earnings.

Chemical Bank rose to first position from sixth in the previous year, with pre-tax profits of Y2.111bn, up 20.1 per cent, boosted by higher revenue from interest and currency swaps. Bankers Trust stood second followed by Citibank, previously in first place, which dropped to third.

A total of 18 of the banks reported pre-tax losses, the same number as the previous year. As combined net profits rose a marginal 0.8 per cent to Y12.87bn, 18 also had net losses (19 the previous year).

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1987 High	1987 Low
METALS					
Aluminium Free Market c.i.f.	$1760/780	+57.5	$1225/245	$1790/1780	$1205/1225
Antimony Free Market 99.6%	$2125/2175	+25	$2400/2450	$2460/2500	$2150/2250
Copper-Cash Grade A	£1109	+40.5	£886	£1109	£870.25
3 months Grade A	£1087	+33.75	£904.75	£1087	£849.5
Gold per oz	$451.75	+8.5	$362.25	$475	$390.25
Lead Cash	£399.5	—6	£264.5	£445	£283.75
3 months	£379.5	—1	£259.75	£417.5	£290.75
Nickel Free market	225/245c	+4	177/197c	229/248c	159/177c
Palladium	$146.00	+5.50	$113.25	$161.00	$117.15
Platinium per oz	$610.50	+36	$464.25	$646.50	$478.75
Quicksilver (76lbs)	$250/260	+15	$165/185	$270/290	$150/160
Silver per oz	522.05p	+43.25	338.15p	553.60p	344.40p
3 months per oz	535.90p	+44.20	346.80p	568.20p	352.70p
Tin Free market	£4250/4280	+240	£3670/590	£4,610/640	£3,960/980
Tungsten Ind	$53.69	—	$54.48	$58.16	$41.44
Wolfram (22.04 lbs)	$48/56	—	$42/50	$50/55	$32/42
Zinc cash	£500	—0.5	£542	£567	£448.5
3 months	£496.25	+3.75	£546	£550.5	£446
Producers	$860	—	$480	$870	$770/790
GRAINS					
Barley Futures Nov	£99.90	—0.60	£106.65	£118.55	£95.30
Maize French	160.00u	—2	£135.00	£163.50	£148.00
WHEAT Futures Nov	£101.95	—0.05	£107.60	£125.50	£98.75
SPICES					
Cloves	$3350	+50	$4400	$3,800	$3,200
Pepper white	$5300	+100	$5900	$5,400	$4,900
black	$4550	+50	$5950	$4,900	$4,200
OILS					
Coconut (Philippines)	$440y	—2.5	$240	$530	$320
Palm Malayan	295v	—	$212.5	$320	$255
SEEDS					
Copra (Philippines)	$285y	—	$150	$390	$220
Soyabeans (U.S.)	$155x	+5	$173	$162.5	$135.5
OTHER COMMODITIES					
Cocoa Futures Sept	£1390.5	—39.5	£1457.5	£1,439.5	£1,219.5
Coffee Futures Sept	£1234.5	—11	£1742	£1565.5	£1,210.5
Cotton Outlook A Index	86.40c	+1.85	56.50c	86.40c	62.65c
Gas Oil Fut. Sept	$167.25	+2.5	$99	$173.25	$125.5
Jute UA BWC grade	$390	—	$316	$390	$260
Rubber kilo	68.5p	—1	59p	70p	60p
Sisal No. 3L	$615	+5	$625	$615	$610
Sugar (Raw)	$150.6y	+2	$165.5	$204	$139.5
Tea (quality) kilo	165p	—7	200p	180p	140p
(low med) kilo	74p	+2	99p	111p	80p
Wooltops 64s Super	486p kilo	+6	400p kilo	485p kilo	415p kilo

‡ Unquoted. (v) Sept. (u) Aug. (x) July/Aug. (y) Aug/Sept. (w) Sept/Oct. (t) Oct/Nov. (z Oct.

ALUMINIUM

99.7% purity	Unofficial (close p.m.) $ per tonne	+ or —	High/Low
Cash	—	—	—
3 months	1685-90	+11.5	—

Official closing (am): Cash — (—), three months 1,685-90 (1,673-7), settlement — (—). Final Kerb close: unquoted. Ring turnover: 500 tonnes.

99.5% purity	£ per tonne		
Cash	1103-4	+6.5	—
3 months	1033-3.5	+12.75	103/41036

Official closing (am): 1,105-6 (1,092-4), three months 1,030-1 (1,015-6), settlement 1,106 (1,094). Final Kerb close: 1,030-1. Ring turnover: 14,375 tonnes.

COPPER

Grade A	Unofficial close £ per tonne	+ or —	High/Low
Cash	1108-10	+12.5	1115/1114
3 months	1088.5-75	+10.9	1096/1086

Official closing (am): Cash 1,113-4 (1,094-4.5), three months 1,092-2.5 (1,072.5-3), settlement 1,114 (1,094.5). Final Kerb close: 1,085-6.

Standard			
Cash	1107-9	+12.5	1114
3 months	1084-6	+9.5	1090/1088

Official closing (am): Cash 1,111-3 (1,092-3), three months 1,090-1 (1,071-3), settlement 1,113 (1,093). US Producer prices 80-88 cents per lb. Total Ring turnover: 41,600 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	399-400	—10	400
3 Months	379-80	—6	391/377.7

Official closing (am): Cash 402-3 (404-5), three months 379.5-80 (379-80), settlement 403 (405). Final Kerb close: 377-7.5. Ring turnover: 14,550 tonnes. US Spot: 38-42 cents per lb.

NICKEL

	Unofficial close (p.m.) £per tonne	+ or —	High/Low
Cash	3135-45	+70	3140/3125
3 months	3160-5	+64.5	3165/3140

Official closing (am): Cash 3,130-5 (3,058-60), three months 3,151-3 (3,085-5), settlement 3,135 (3,060). Final Kerb close: 3,160-5. Ring turnover 1,254 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	499-501	—7	—
3 months	496-6.5	—5.75	502/496

Official closing (am): Cash 504-6 (502-3), three months 499-500 (496.5-9.5), settlement 506 (503). Final Kerb close: 495-6. Ring turnover: 6,400 tonnes. US Prime Western: 47.5-48.5 cents per lb.

TIN

KUALA LUMPUR TIN MARKET: Close 16.60 (16.31) ringgit per kg. Up 0.29 ringgit per kg.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $/tonne	Calls Sept.	Calls Nov.	Puts Sept.	Puts Nov.
Aluminium 99.7%	—		—		—
	—		—		—
	—		—		—
Aluminium 99.5%	1,575	—	—	6	44
	1,600	66	67	10	56
	1,625	70	65	—	—
Copper (Grade A)	1,675	—	—	17	55
	1,700	75	76	24	66
	1,725	56	63	—	—
Copper (Grade A) £/tonne	1,050	—	—	9	28
	1,075	40	42½	17	37½
	1,100	28	32	—	—

Estimates.

GOLD

GOLD BULLION (fine ounce)	July 31	
Close	$461½-468	(£289¾-290¼)
Opening	$463¼-463¾	(£290¼-290¾)
M'n'g fix	$464.25	(£291.359)
Aft'n'n fix	$462.60	(£289.878)
Day's high	$464½-466	—
Day's low	$461-461½	—

GOLD AND PLATINUM COINS		
Am Eagle	$475-480	(£298½-301½)
Mapleleaf	$476½-479½	(£299½-301¼)
Kr'g'r'nd	$460-463	(£289-291)
½ Krug	$238-247	(£149¼-155¼)
¼ Krug	$117¾-125¾	(£74-79)
Angel	$475-478	(£298¼-300¼)
1/10 Angel	$48¾-50¾	(£28¼-32)
New Sov.	$108½-109½	(£68-69)
Old Sov.	$108½-110	(£68-69)
Noble Plat.	$636-646	(£399¾-406)

INDICES

REUTERS

July 30	July 29	M'th ago	Year ago
1683.7	1682.0	1638.4	1406.6

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	July 30	July 29	M'th ago	Year ago
Spot	129.11	128.72	—	125.80
Fut	129.51	127.85	—	114.17

(Base: December 31 1931 = 100)

SILVER

Silver was fixed 20.85p an ounce higher for spot delivery in the London bullion market yesterday at 522.05p. US cent equivalents of the fixing levels were: spot 832c, up 31.05c; three-month 846.15c, up 32.15c; six-months 861.35c, up 32.2c; and 12-month 891.2c, up 33.35c. The metal opened at 521-522½p (831-833c) and closed at 518-519½p (826-827c).

SILVER per troy oz	Bullion Fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	522.05p	+20.8	825c	+5
3 months	535.90p	+21.5	837c	+5
6 months	546.70p	+21.8	—	—
12 months	571.15p	+28.1	—	—

LME—Turnover: 1 (9) lots of 10,000 oz.

Cash high/low 522.5p; three months final kerb 839-42c.

COFFEE

COFFEE	Yesterday close	+ or —	Business done
July	—	—	1215-1210
Sept	1234-1235	+9.0	1237-1225
Nov	1254-1255	—1.0	1264-1250
Jan	1276-1288	+5.0	1283-1278
Mar	1302-1305	+9.5	1306-1305
May	1327-1328	+13.5	1330-1379
July	1330-1350	—	1338-1332

Sales: 1,332 (1,860) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for July 30: Comp. daily 1979 95.31 (94.80); 15-day average 96.39 (96.42).

COCOA

Futures closed slightly steadier with almost half the traded volume crossed. Physicals continued to look unattractive to producers at current prices and consumers also seemed uninterested, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or —	Business done
July	—	—	1555-1527
Sept	1308-1309	+4.0	1315-1308
Dec	1344-1345	+6.0	1352-1348
March	1371-1372	+7.0	1375-1370
May	1391-1393	+8.0	1398-1391
July	1408-1412	+7.0	1414-1410
Sept	1423-1424	+7.0	1428-1424

Sales: 5,007 (2,886) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for July 31: 1619.22 (1617.08); 10-day average for August 3: 1657.04 (1658.34).

FREIGHT FUTURES

The market opened on a firm note and buying met very little resistance. Values ended the morning 10-20 points above the previous close. The BFI was raised seven points to 976.5. Although afternoon trade was quiet prices closed at the highs of the week, reports Clarkson Wolff.

Dry Cargo	Close	High/Low	Prev.
July	971.5	972	970/971
Oct.	1078/1080	1080/1065	1066/1080
Jan.	1080/1085	1082/1070	1060
Apr.	1090	1090/1070	1065/1080
July	980/1000	970	950/1000
Oct.	993	—	930
Jan.	910	—	990
April	1080	—	1040
BIF.	976.5	—	969.5

Turnover 318 (384).

GRAINS

LONDON GRAINS—Wheat: US dark northern spring no 2 14 per cent Aug 91.25, Sept 91.50, Oct 93.50. US no 2 soft red winter Aug 86.75, Sept 87.75, Oct 90.50. French 11½-12 per cent first-half Aug 123.00. English feed fob Sept 102.60/102.75, Oct/Dec 105.00/105.50, Jan/Mar 109.00/109.50 buyer/sellers. Maize: US no 3 yellow/French transhipment east coast first-half Aug 160.00, Sept 161.50. Barley: English feed Aug 98.00 sellers, Sept 100.00/101.00, Oct/Dec 104.00/105.00 buyer/sellers, Jan/Mar 108.00 buyer.

Mnth	WHEAT Yest'rdy's close	WHEAT + or —	BARLEY Yest'rdy's close	BARLEY + or —
Sep.	100.00	—0.40	97.25	—1.85
Nov.	101.95	—0.50	99.90	—0.70
Jan.	104.70	—0.35	102.50	—0.70
Mar.	107.45	—0.30	104.60	—0.85
May	109.70	—0.35	106.25	—0.85
July	112.00	—0.25	—	—

Business done—Wheat Sept 100.70-0.00, Nov 102.50-1.90, Jan 105.15, Mar 108.00-7.40, May and July untraded. Sales 63 lots of 10 tonnes. Barley: Sept 98.30-8.20, Nov 100.50-0.00, Jan, Mar and May untraded. Sales 65 lots of 100 tonnes.

POTATOES

Improved weather prospects and the influence of a slightly higher PMB planting estimate resulted in further selling pressure. The market opened 70p down and after a brief pause fell away in limited volume, reports Coley and Harper.

Month	Yesterday's close £ per tonne	Previous close	Business done
Nov	91.50	93.30	92.70-91.00
Feb.	100.00	101.50	—
Apr.	131.80	134.70	134.00-131.13
May	144.00	146.30	145.50-144.00

Sales: 885 (1,102) lots of 40 tonnes.

OIL

CRUDE OIL—FOB ($ per barrel) August	Latest	Change + or —
Arab Light	—	—
Arab Heavy	—	—
Dubai	18.05-18.15*	—0.10
Brent Blend	19.95-19.95	—0.25
W.T.I. (1pm est)	21.30-21.35*	—0.35
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasolnie	194-196	—
Gas Oil	164-156	—2.5
Heavy fuel Oil	112-113	—0.5
Naphtha	170-173	—1.5

* September.

Petroleum Argus estimates.

SOYABEAN MEAL

	Yesterd'ys close £ per tonne	+ or —	Business done
August	128.8-129.8	—0.50	—
October	127.5-127.8	—0.55	—
Dec	127.5-127.8	—0.60	128.0-127.9
Feb	129.5-129.7	—0.75	—
April	130.5-131.8	—0.25	—
June	128.0-128.8	—	—
August	128.0-128.8	—	—

Sales 54 (284) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $150.60 (£94.90), down $1.00 (down 40p) a tonne for August-September delivery. White sugar $171.80, down 20c.

No. 6 Contract	Yesterd's close $ per tonne	Previous close	Business done
Aug	—	125.6-130.0	125.0-124.8
Oct	134.8-135.0	133.8 134.0	135.0-133.8
Dec	141.2-142.4	140.6 147.6	—
Mar	150.8-151.2	150.2-150.6	151.0-148.6
May	154.0-154.8	155.4-154.2	155.8
Aug	157.8-158.8	157.4-158.2	—
Oct	161.0-161.4	160.2-160.4	160.8-160.4

Sales: 674 (2,274) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £198.08 (£198.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for July 30: Daily price 5.66 (5.59); 15-day average 5.96 (6.00).

GAS OIL FUTURES

Month	Yesterd'ys close US$ per tonne	+ or —	Business done
Aug	165.75	—1.75	168.50-65.50
Sept	167.25	—2.25	168.50-66.75
Oct	169.25	—2.25	170.75-68.00
Nov	171.25	—2.00	172.50-71.00
Dec	174.75	—0.25	174.75

Turnover 4,457 (4,000) lots of 100 tonnes.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 89.06p per kg lw (+1.13). GB—Sheep 206.86p per kg est dcw (+8.09). GB—Pigs 73.61p per kg lw (—1.36).

RUBBER

PHYSICALS — Closing prices (buyers): Spot 69.25p (69.50p); Sept 68.50p (68.75p): Oct 68.75p (69.00p). The Kuala Lumpur fob price (Malaysia/Singapore cents) per kg was RRS No 1 258.0 (260.0), SMR 20 222.5 (223.0).

US MARKETS

CRUDE OIL eased slightly in a featureless session, reports Drexel Burnham Lambert. Silver consolidated in light trading. Gold was also steady on trade buying and mixed commission house activity. After early profit-taking eased platinum prices, the market retraced towards the highs on a weaker dollar and bond prices. Early computer buying rallied copper to its highs before fund, trade and local selling pared gains. Later in the session local short-covering rallied the copper again. Sugar traded in very narrow ranges as locals played both sides of the market and the trade gave support. Commission house and local buying fuelled a slight advance in cocoa but after the rally failed, sterling came off, pushing down cocoa prices. Cotton was steady on local buying and trade scale-up selling. Coffee rallied early on trade short-coevring, triggering stops, but declined later in the session on origin selling and fresh speculative selling. The grains were slightly better, partly on renewed weather concerns but more importantly, over concerns regarding the Secretary of Agriculture's weekend announcement of possible loan arrangements. Cattle advanced under the influx of extremely heavy purchases by packers from the feed yards, as well as a strong dressed beef market. Hogs eased on traders fears of larger hog runs in the days ahead. Pork bellies were limit-up as the concentration of the deliverable supply remained in the hands of one or two players forcing short to cover their positions.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
August	78.35	77.75	—	—
Sept	78.10	77.50	78.00	77.80
Oct	77.70	—	—	—
Dec	77.10	76.40	77.00	76.50
Jan	74.15	73.45	—	—
March	72.65	71.95	—	—
May	71.35	70.65	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

COFFEE "C" 37,500 lb, cents/lb

	Close	Prev	High	Low
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

COTTON 50,000 lb, cents/lb

	Close	Prev	High	Low
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
August	54.70	54.56	[illegible]	[illegible]
Sept	55.15	55.10	[illegible]	[illegible]
Oct	55.75	55.77	[illegible]	[illegible]
Nov	56.60	56.57	[illegible]	[illegible]
Dec	57.35	57.37	[illegible]	[illegible]
Jan	58.05	58.00	[illegible]	[illegible]
Feb	58.40	58.50	[illegible]	[illegible]
March	57.40	57.00	[illegible]	[illegible]
April	56.25	55.75	[illegible]	[illegible]
May	54.70	54.65	[illegible]	[illegible]

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
Sept	127.60	127.40	[illegible]	[illegible]
Nov	124.05	124.10	[illegible]	[illegible]
Jan	122.45	122.00	[illegible]	[illegible]
March	122.50	123.35	[illegible]	[illegible]
May	122.85	123.35	[illegible]	[illegible]
Sept	122.85	123.35	[illegible]	[illegible]

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
August	620.2	622.8	[illegible]	[illegible]
Oct	622.2	624.8	[illegible]	[illegible]
Jan	629.2	631.8	[illegible]	[illegible]
April	636.5	639.1	[illegible]	[illegible]
July	643.9	646.5	[illegible]	[illegible]
Oct	650.9	653.5	[illegible]	[illegible]

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
August	830.0	831.5	[illegible]	[illegible]
Sept	835.0	836.5	[illegible]	[illegible]
Oct	840.4	—	[illegible]	[illegible]
Dec	851.1	852.6	[illegible]	[illegible]
Jan	856.2	858.7	[illegible]	[illegible]
March	86.6	868.9	[illegible]	[illegible]
May	879.1	880.5	[illegible]	[illegible]
Sept	903.0	904.2	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	Prev	High	Low
Sept	5.58	5.64	[illegible]	[illegible]
Oct	5.94	5.95	[illegible]	[illegible]
Jan	6.32	6.35	[illegible]	[illegible]
March	6.71	6.69	[illegible]	[illegible]
May	6.87	6.86	[illegible]	[illegible]
July	7.01	7.00	[illegible]	[illegible]
Oct	7.19	7.20	[illegible]	[illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
August	63.05	62.55	[illegible]	[illegible]
Oct	62.77	61.95	[illegible]	[illegible]
Dec	64.35	63.82	[illegible]	[illegible]
Feb	64.15	63.82	[illegible]	[illegible]
April	65.00	64.85	[illegible]	[illegible]
June	64.45	64.32	[illegible]	[illegible]
August	62.25	62.30	[illegible]	[illegible]

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
August	56.35	56.70	[illegible]	[illegible]
Oct	48.80	48.75	[illegible]	[illegible]
Dec	47.65	47.65	[illegible]	[illegible]
Feb	46.12	46.05	[illegible]	[illegible]
April	43.15	43.05	[illegible]	[illegible]
June	44.55	44.40	[illegible]	[illegible]
August	43.45	43.30	[illegible]	[illegible]

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	Prev	High	Low
Sept	163.4	162.4	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
August	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	Prev	High	Low
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lb, cents/lb

	Close	Prev	High	Low
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	Prev	High	Low
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

SPOT PRICES—Chicago loose lard 14.00 (14.00) cents per pound. Handy and Harman silver bullion 825.0 (818.0) cents per troy ounce. New York tin 310-313 (304-308) cents per pound.

WORLD STOCK MARKET

NEW YORK

[illegible]

WALL STREET

Early profit taking near weekend

PROFIT-TAKING crept into Wall Street yesterday, after three days of record index high closings and seven consecutive days of gains.

At 1 pm the Dow Jones Industrial Average was off 3.03 at 2564.41, reducing its rise on the week to 70.47, while the NYSE All Common index, at $178.26, shed 6 cents on the day but held a $3.79 advance on the week. Trading volume 144.60m shares.

The dollar and US Treasuries were steady, supporting the market but not pushing it higher, brokers said. The dollar was supported by a 1.7 per cent rise in June new factor orders, analysts said.

Excluding defence, factory orders rose 1.2 per cent in June, the same as in May. The June rise in total orders was higher than economists expected.

Takeover situations continued to attract interest. Del E. Webb gained $7/8 to $26½—a Los Angeles group said it might seek control of the company.

Athlone slipped $1 to $20¼ on sharply lower second quarter net earnings.

Carter Hawley Hale advanced $⅝ to $70⅝ following a long-term forecast of rising profits

Metals gained ground with Reynolds Metals up $2⅞ to $53½, Alcan Aluminium $1¼ to $35⅞, Phelps Dodge $1¼ to $47½ and Newmont Mining ahead $1 to $67½.

Blue Chips gained over a narrow range and were close to their highest levels despite profit-taking.

Analysts said a healthy rotation of groups attracting interest kept the recent rally alive, though late yesterday book-squaring for the weekend could weigh down stocks. But short-covering would soften the fall.

THE AMERICAN SE Market Value index put on 0.97 to 358.04, cutting its rise to 10.60 on the week. Trading volume 8.75m shares.

Closing prices for North America and Canada were not available for this edition.

CANADA

Stocks further advanced into record territory, as Metals and Mines and situation stocks powered markets higher, despite a half-point increase in major chartered banks' prime lending rates Thursday.

The Toronto Composite index gained 9.8 to 4,033.2, Metals and Minerals 99.9 to 3,450.8, Golds 103.8 to 9,610.3 and Oil and Gas 34.9 to 4,693.1.

Investors swarmed to Metals and Mines. Falconbridge put on $1 to $29⅞ on good assays at its Lindsley, Ontario project.

Golden Terrace Resource jumped $1.25 to $2.75, after trading at 30 cents on Tuesday. Trading resumed after it said it will not detail gold assays at its Red Lake, Ontario property until next week.

Giant Yellowknife held unchanged at $28—it wants to acquire a 19.99 per cent stake in Dome Mines.

TOKYO

Slightly lower in moderately active trade, after a seven-session rally ran out of steam. Buying themes were lacking.

The Nikkei Dow market index lost 22.28 to 24,488.11, after rising to 24,723.31 in early trade. Declines barely led advances in a turnover of 850m shares (unchanged).

Electronics, Securities Houses, Insurances, Retailers, Banks, Airlines, Minings, Foods, and Precision Instruments lost ground.

Market talks of a wider-than-expected Japan trade surplus for June prompted selling of export-oriented issues. But the official figures, which were released after the market closed, showed the surplus had been over-estimated.

However, the outlook for the dollar/yen exchange rate remains uncertain, casting a shadow over export-dependent company stocks, brokers said.

Real Estates, Gas, some Financials, Autos, Textiles, and Trucking shares rose.

The market's broad-based first section index lost 2.95 to 2,015.11. The second section index gained 16.34 to 2,497.88 in a turnover of 31m (30m) shares.

Some fund managers said they were buying stocks in a middle range between shares tipped to gain from a high yen, low intrest rate environment and issues in the export-related category which tend to benefit from a steady, or strong dollar.

HONG KONG

Buy orders from individual investors flooded the market to push the Hang Seng Index 59.96 higher to a record close of 3,479.24. The Hong Kong index rose 38.72 to 2,271.92.

Turnover $HK2.71bn ($HK2.27bn) and was the heaviest, excluding the $HK3.31bn on February 1, 1985 when HK Land sold its HK Electric stake for $HK2.9bn to Hutchison.

Brokers said the advance yesterday was led by the Cheung Kong up 80 cents at $HK13.20, and Jardine up 70 cents at $HK21.20, which attracted many small investors. Overseas institutions were also buying as Hong Kong stocks were still cheap compared with foreign equities, they noted.

Banks were in demand. But East Asia shed 25 cents to $HK32.25 despite its 12.8 per cent profit rise.

Properties and Utilities were sharply higher.

Winsor Industries improved 50 cents to $HK15.40 on a 91 per cent rise in its interim profits to $HK322m.

AUSTRALIA

Share markets closed higher at record levels, but off the best due to light profit-taking, as sharp commodity price rises saw investors chase resource and gold-related stocks.

Brokers said gains in bullion, silver and platinum led to strong demand in the Mining sector, with Industrials taking a back seat. However, heavy options-related turnover in a few leading stocks checked the market's run, pulling it back from early highs.

The All Ordinaries index was up 7.8 at a record 2,030.2 and the All Industrials up 0.3 at 2,394.9.

The Gold marker jumped 116.9 to 3,840.3 and the All Resources climbed 12.2 to 1,368.5. Turnover was exceptionally strong at 234.24m shares, worth $A712.03m, and rises outnumbered falls by two-to-one.

Base Metal and Gold-related stocks led markets following a $US4.80 an ounce rise in bullion to $US462.20, a 30 US cents jump in Silver to $US8.28 and $US19 rise in Platinum to $US624.

Australian Consolidated Minerals rose 36 cents to $A8.36 on news it had joined forces with AFP to create a $A100m resource company.

Western Mining, Australia's leading platinum producer, were also keenly sought, rising 36 cents to $A9.18 on turnover of 2.31m shares worth $A20.86m.

Investors sought gold stocks with almost as much verve, driving Renison up 90 cents to $A13.90, Poseidon 40 cents to $A6.40 and Sons of Gwalia 30 cents to $A13.50.

GERMANY

Share prices ended mixed in trading. Markets were supported by favourable sentiment, a steady dollar and strong technical conditions but undermined by some profit-taking ahead of the weekend.

Both domestic and foreign investors were actively buying and selling shares. "Chart signals are favourable and if the dollar remains steady, share prices will continue to rise next week," one dealer for a West German bank forecast. Others were less optimistic.

Strong demand emerged for Chemicals and Retailers. Banks were mixed.

Massa added DM 5 at 507, additionally supported by news Asko's management board chairman, Helmut Wagner, has also been appointed management board chairman of Massa. Asko ended unchanged at DM 1,930.

Airline Lufthansa rose DM 4 on news it carried 10.2 per cent more passengers and 14.4 per cent more freight in the first half of 1987, compared with the same period last year.

CANADA

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (Continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (Continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

Indices

NEW YORK

DOW JONES

[illegible]

CANADA

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

**Saturday July 25: Nikkei Index: 23,964.91.

Base values of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia. All Ordinary and Metals—500; NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CURRENCIES & MONEY

FOREIGN EXCHANGES

Short covering helps dollar

THE DOLLAR finished towards its best level of the day, helped by short covering ahead of the weekend. A rise of 1.7 per cent in US industrial production was better than expected and provided underlying support.

However dealers were reluctant to push the US unit through the Y150 level and there was not really sufficient interest in the market to make such a move viable. There was still a good deal of uncertainty ahead of the US Treasury refunding package and some dealers were concerned about the effect on Japanese participation should the dollar move conclusively above the Y150 level.

It closed yesterday at Y149.90 from Y149.55 and DM 1.8585 compared with DM 1.8560. Elsewhere it finished at SwFr 1.5385, unchanged from Thursday and FFr 6.1850 against FFr 6.17. News that Japan's trade surplus had narrowed slightly in June from May but was wider than a year ago did not really have much effect but traders stressed that the figures were a little disappointing. On Bank of England figures, the dollar's exchange rate index was unchanged at 103.7.

Sterling finished unchanged on the day. Its exchange rate index closed at 72.3, the same as Thursday's close. The pound's performance was steadier after Thursday's fall but traders still remained nervous. There seemed to be little prospect of ridding the market of its bearish undertone before the release of UK trade figures on August 11.

The pound closed at $1.5920 from $1.5945 and DM 2.9575 compared with DM 2.96. Against the yen it was unchanged at Y238.50. Elsewhere it finished at SFr 2.45 from SFr 2.4525 and FFr 9.8475 against FFr 9.8375.

D-MARK—Trading range against the dollar in 1987 is 1.9305 to 1.7690. June average 1.8186. Exchange rate index 146.2 against 146.3 six months ago.

The dollar was fixed at DM 1.8554 in Frankfurt yesterday down from DM 1.8583 on Thursday and there was no intervention by the Bundesbank. Trading appeared to be confined to a narrow range in the run up to the month end.

The D-Mark suffered a little on news that West German industrial production fell 1.7 per cent in June compared with a rise of 0.5 per cent in May but it soon recovered in later trading. Underlying factors such as tension in the Middle East supported the dollar's undertone but traders were still not sure exactly how the dollar was likely to perform for the rest of this year.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. June average 144.52. Exchange rate index 214.8 against 214.4 six months ago.

Profit-taking eroded the dollar's recent gains against the yen in Tokyo. Selling developed as the US unit approched the Y150 level and it slipped back to close at Y149.25 from Y149.50 in New York and Y150.60 in Tokyo on Thursday.

In addition early rumours of a wider Japanese trade surplus depressed the dollar. News that the June unadjusted surplus was $7.98bn against $8.05bn in May was released just as the market closed.

£ IN NEW YORK

July 31	Latest	Previous Close
£ Spot	1.5930-1.5940	1.5925-1.5935
1 month	0.30-0.29 pm	0.30-0.29 pm
3 months	0.89-0.86 pm	0.89-0.86 pm
12 months	3.30-3.25 pm	3.30-3.25 pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST THE POUND

July 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5905-1.5906	1.5915-1.5925	0.32-0.29c pm	2.30	0.92-0.87 pm	2.25
Canada	2.1110-2.1221	2.1110-2.1120	0.05pm-0.05 dis	−0.28	0.13pm-0.02 dis	−0.14
Netherlands	3.32½-3.33½	3.32½-3.33½	1⅛-1c pm	3.83	3⅛-3⅛pm	3.90
Belgium	61.50-61.60	61.50-61.60	18-11c pm	2.83	47-36 pm	2.70
Denmark	11.21½-11.24	11.21¼-11.22¼	½-1¼ore dis	−0.87	2-2⅞ dis	−0.87
Ireland	1.1020-1.1075	1.1045-1.1055	par-0.10p dis	−0.54	par-0.25 dis	−0.45
W. Germany	2.95-2.96⅛	2.95¼-2.96¼	1⅛-1⅛pf pm	5.07	4-3⅞ pm	5.24

MONEY MARKETS

Further rise in UK rates

INTEREST RATES rose in London despite a steadier performance by the pound. Gilt stocks were again sharply lower and rates were marked up as the market went on the defence. Until the release of UK trade figures for June on August 11, dealers suggested that the pound was likely to come under further selling pressure.

Despite the rise in rates, there seemed to be little prospect of an early rise in base rates. Three-month interbank money finished at 9 5/16-9 3/16 per cent compared with 9 3/16-9 1/16 per cent.

UK clearing bank base lending rate 9 per cent since May 8

Weekend money traded between a high of 8½ per cent and a low of 5½ per cent before finishing at 8 per cent bid.

The Bank of England forecast a shortage of around £400m with factors affecting the market including the repayment of any late assistance and bills maturing in official hands together with a take up of Treasury bills draining £385m and a rise in the note circulation a further £300m. These were partly offset by Exchequer transactions which added £195m and banks' balances brought forward £90m above target.

The forecast was revised to a shortage of around £650m and the Bank gave assistance in the morning of £652m through outright purchases of £194m of Treasury bills and £142m of eligible bank bills in band 3 at 8⅞ per cent and £316m of Treasury bills in band 4 at 8⅞ per cent. There was no further assistance in the afternoon but the Bank gave late help of £40m, making a total of £692m.

The market's lack of confidence in sterling was reflected in the average rate of discount at the weekly Treasury bill tender. This rose to 8.9371 per cent from 8.8442 per cent. The £300m of bills on offer attracted bids of £1,016m against £1,615m for £400m the previous week and all bills offered were allotted. The minimum accepted bid was £97.77 from £97.795 and bids at that level were met as to about 98 per cent and above in full compared with 96 per cent.

Next week a further £300m of bills will be on offer, replacing maturities of £300m.

In Frankfurt call money fell to as low as 2 per cent from 3.2-3.5 per cent on Thursday following the withdrawal of the facility by the Bundesbank whereby it mops up excess liquidity by selling three-day Treasury bills.

FT LONDON INTERBANK FIXING

(11.00 a.m. July 31) 3 months U.S. dollars		6 months U.S. dollars	
bid 6⅞	offer 7	bid 7	offer 7⅛

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

July 30	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.20-3.50	3.90-4.05	3.90-4.05	3.90-4.05	3.95-4.10	5.0
Paris	7⅞-7¼	7⅞-7⅞	7⅛-7⅞	7⅞-8	8⅛-8⅞	7½
Zurich	⅞-1⅛	3⅞-3⅞	—	3½-3⅛	—	—
Amsterdam	5⅛-5¼	5 3/16-5 5/16	—	5 5/16-5 7/16	—	—
Tokyo	3.28125	3.53125	—	3.71875	—	—
Milan	10⅛-11⅛	11-11½	—	11⅛-11⅞	—	—
Brussels	4.35	6⅞-6½	—	6 5/16-6 11/16	—	—
Dublin	7⅞-8	9⅛-9⅞	9½-9⅞	9⅞-9⅞	10⅛-10⅞	—

LONDON MONEY RATES

July 31	Over-night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	8½-5½	8⅞-8⅞	8⅞-8⅞	9 5/16-9 3/16	9⅞-9 9/16	10 1/16-9⅞
Sterling CDs	—	—	8 11/16-8 9/16	9 3/16-9 1/16	9⅞-9½	10-9⅞
Local Auth'rity Deps.	8	8¾	8⅞	9⅛	9½	9⅞
Local Authority Bonds	—	—	9⅛	9 3/16	9⅛	10
Discount Mkt Deps.	8½-6	8⅞	8⅞	8⅞	—	—
Company Deposits	8⅛	8½-8⅞	9	9⅛	9⅞	10
Finance House Deposits	—	—	8⅞	9 3/16	9⅞	10
Treasury Bills (Buy)	—	—	8 13/16	9	—	—
Bank Bills (Buy)	—	—	8 13/16	9	9 3/16	—
Fine Trade Bills (Buy)	—	—	9 11/16	9⅞	9 13/16	—
Dollar CDs	—	—	6.75-6.70	6.90-6.85	7.10-7.05	7.60-7.55
SDR Linked Deposits	—	—	6-5⅞	6⅛-6	6 5/16-6 1/16	6⅛-6½
ECU Linked Deposits	—	—	6⅛-6⅞	6 5/16-6 3/16	7 1/16-6 15/16	7⅛-7⅞

Treasury Bills (sell); one-month 8⅞ per cent; three-months 8⅞ per cent; Bank Bills (sell): one-month 8⅞ per cent; three months 8 13/16 per cent; Treasury Bills; Average tender rate of discount 8.9371 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day July 31, 1987. Agreed rates for period August 26 to September, 1987, Scheme I: 10.59 p.c., Schemes II & III: 10.49 p.c. Reference rate for period July1 to July 31, 1987, Scheme IV: 9.238 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9½per cent from August 1, 1987· Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8¾ per cent; three-six months 9 per cent; six-nine months 9⅛ per cent; nine-12 months 9¼ per cent; Under £100,000 8 per cent from July 16, Deposits withdrawn for cash 5 per cent.

EXCHANGE CROSS RATES

DM	0.338	0.538	1.	80.64	3.330	0.828	1.126	723.9	0.714	20.73
YEN	4.193	6.675	12.40	1000.	41.29	10.27	13.96	8977.	8.853	257.0
F Fr.	1.015	1.617	3.003	242.2	10.	2.488	3.382	2174.	2.144	62.25
S Fr.	0.408	0.650	1.207	97.35	4.019	1.	1.359	873.9	0.862	25.02
H Fl.	0.300	0.478	0.888	71.62	2.957	0.736	1.	642.9	0.634	18.41
Lira	0.467	0.744	1.381	111.4	4.599	1.144	1.555	1000.	0.986	28.63
C $	0.474	0.754	1.401	113.0	4.664	1.1460	1.577	1014.	1	29.03
B Fr.	1.631	2.597	4.825	389.1	16.06	3.997	5.432	3493.	3.445	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

OTHER CURRENCIES

	£	$
Korea (Sth)	1281.35-1292.95	804.80-811.40
Kuwait	0.45340-0.45400	0.28450-0.28460
Luxembourg	61.25-61.40	38.45-38.55
Malaysia	4.0485-4.0535	2.5390-2.5405
Mexico	2258.00-2264.00	1406.00-1419.00
N. Zealand	2.8090-2.8140	1.7640-1.7670
Saudi Ar.	5.9780-5.9835	3.7505-3.7515
Singapore	3.3645-3.3680	2.1105-2.1115
S. Af. (Cm)	3.2840-3.3350	2.0670-2.0715
S. Af. (Fn)	5.1305-5.2675	3.2200-3.3060
Taiwan	49.15-49.40	30.85-30.95
U.A.E.	5.8540-5.8590	3.6725-3.6735

*Selling rate

LONDON STOCK EXCHANGE

Further losses in equities and Gilts

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
July 13	July 23	July 24	Aug 3
July 27	Aug 6	Aug 7	Aug 17
Aug 10	Aug 20	Aug 21	Sept 1

* New time dealings may take place from 9.00 am two business days earlier.

The UK securities markets had another dismal trading session and although equities again closed well above the day's lows, Government bonds ended flat, with net losses of a full point at the long end. The City's mood was not helped by a strategy report to clients by Barclays de Zoete Wedd, headed "The end of the long bull market."

Their growing concern ahead of Monday's equity market settlement operations brought a crop of rumours that a major marketmaker, and more than one broker, were "in trouble." The tales produced a denial in the London press from a leading City name, an unusual step.

However, the equity market came through the session withotu major mishap, and worries over Settlement Day, the Gulf, and general lack of support for share prices, were put aside for the weekend.

The FT-SE 100 index, which opened lower and was 26 points off at mid-morning, ended with a net loss of 9.6 at 2360.9. The FT Ordinary Index fell 9.8 to 1852.5.

The weak start was an extension of Thursday's about-turn, which had been sparked by the arrival on fund managers' desks of de Zoet's bearish circular. The firm's Peter Thompson warns that equities look fully valued, and that the turning point "has arrived."

With the circular not generally available, de Zoet's comments fell on a market already unsettled by further weakness in bond prices, which have lost seven points over the past fortnight.

The slide in Gilt-edged securities reflected an absence of retail support during the day—a slight disappointment since some overnight buying from Japanese funds was reported at the opening. Yields have now risen to 9.8 per cent at the long end, and above 10 per cent in the medium range.

There was no rally in Gilts last night but some trading houses were prepared to take a cautiously more optimistic view of the market at its new levels. The Far Eastern interest indicated that the bulk of the fall may now have been seen.

Once again, strong demand for gold shares underlined nervousness over inflation, and possibly over developments in the Gulf, although oil shares continued to trade calmly. **Consolidated Gold Fields** and **RTZ** were again prominent, and the South African producer stocks were very busy.

Among industrials, **Imperial Chemical Industries** rallied from a weak start, reflecting City satisfaction with Thursday's interim statement. Glaxo also recovered much of an early fall as analysts at Salomon Bros and Nomura discounted the revived suggestions of impending competition for Zantac, the firm's ulcer drug. US buying of Glaxo was identified after Wall Street opened higher. But among the international trading favourites, **Saatchi and Saatchi** fell sharply out of favour.

GEC shares hardened a shade to 235p although the market was barely able to supress yawns as the group returned to the acquisition trail. As with Monday's acquisition of Gilbarco, the purchases of California-based Astronics and Development Sciences from Lear Siegler of the US in a $205m (£128m) deal will hardly dent GEC's near legendary cash pile which at the last count amounted to some £1.8bn.

The announcement did little to alter analyst's current views that GEC must expand and reduce its cash balance, perhaps into financial services, to boost its rather tarnished profile in the City.

Britoil, up 17 at 345½p surprised the market with interim figures well above best expectations.

Despite a number of last minute upgraded profits estimates from analysts, Britoil weighed in with half-year pre-tax profits of just over £81m which compared with top predictions of around £58m.

With the interim reporting season new completed, bank shares were left to give ground with the rest of the equity market. But analysts stressed that the City has been well satisfied with the results from the sector—particularly from Barclays which rounded off the season on Thursday. Share prices are expected to drift easier over the next few weeks, and could indeed prove vulnerable to any major setback in the equity market. Reviving worries over inflation could also present a threat to the financial assets and services on which bank shares have based the strong advance of the past 18 months.

Barclays eased 8 to 613p in brisk turnover and **National Westminster** unchanged at 740p also reflected some selling pressure. Minor losses in **Lloyds** and **Midland** mirrored thin turnover.

Insurance shares also drifted lower in moderate trading levels. Shearson Lehman Securities, the latest trading firm to run the sector through its computers, told clients that "highly variable profits within the industry distort comparisons of value." **Guardian Royal Exchang**, marked by Shearson as a "sell," dipped ⅛ to £10⅝, but the US firm's "buy" recommendation for **Commercial Union** helped the shares hold at 378p.

Cider producer **Merrydown Wine** hardened a few pence to 473p as the annual results exceeded most market expectations; sentiment was also buoyed by the added sweetener of a proposed 1-for-8 scrip issue.

Among the Building issues, **Costain** revived with a gain of 15 at 378p, after 377p, as Consolidated Gold Fields takeover talk resurfaced. **Wiggins** advanced 19 to 313p on prospects for its London Docklands development, while **Ward Holdings**, reflecting hopes that it may benefit from the Channel tunnel project, jumped 26 to 855p. **Redland**, in contrast, reacted 10 to 588p on profit-taking; earlier in the week the company announced it had acquired a 50.1 per cent stake in Monier which has now become a subsidiary.

Next, the rapidly-expanding retail chain headed by Mr George Davies, bucked the trend in an otherwise lacklustre Stores sector, rising 5 to 345p on further consideration of a broker's encouraging circular and the purchase from GUS of the remaining 50 per cent interest in Paige. Next acquired its original stake in Paige as a legacy of its takeover of Combined English Stores. **Time Products**, identified as a further possible target for Next, advanced another 8 to 210p. Bid excitement continued to boost **Storehouse** with the market sensing a bid, believed to be 425p per share, any time now; the shares improved 18 more for a gain on the week of 57 to 382p as another 18m shares changed hands. Dealings in Feds group **A. G. Stanley**, suspended earlier in the week, resumed at 179p following details of the purchase of Jacoa for £26.5m, a deal to be partly financed by a £6.6m rights issue. **Forminster** were marked 25 higher to 335p in response to the annual results but "take profits" advice from BZW left **Dunhill** 8 cheaper at 242p.

Noteworthy movements among Electricals were usually coinfined to secondary issues. **IBL**, a friendless market of late, rallied 5 to 78p following an encouraging annual meeting and the sale of its Belgian subsidiary. A Press investment recommendation stimulated support for USM-quoted computer consultancy **Learmonth and Burchett**, finally 25 to the good at 248p, after 253p. Sporadic speculative demand lifted **Circaprint** 34 to 220p and **CPU** 6 to 78p, but **Electronic Machine**, buoyant recently, ran back 20 to 190p following the half-time report.

GKN, one of the strongest performers over the week amid persistent speculation about a possible bid from BTR were again actively traded (around 4.6m shares) and edged up 2½ more to 431p for a rise of 45 on the week. **TI**, up 21 in the previous trading session, reacted to close 14 down at 401p; the interim figures are scheduled for next Thursday. **Neepsend** improved a few pence more to 73p on the recovery in the annual profits, but **Downiebrae**, bought persistently of late on expansion hopes, reacted smartly to close 18 off at 225p. **Tex Holdings** closed 5 better at 186p following acquisition news.

Foods were mixed. **Unigate**, 5 off for a decline of 34 on the week to 380p, continued to react to brokers' profits downgradings. In contrast, a bear squeeze again prompted strength in **Rowntree**, another 10 to the good at 574p. **Hillsdown** hardened a few pence more to 327p, still reflecting thoughts that the group's £125m Eurobond issue would obviate the need for a rights issue.

Norfolk Capital eased to 50¼p as the sharply increased interim profits were accompanied by confirmation of recent reports that the group is to buy the St James Club from Mr Peter de Savary for just over £22m cash. Norfolk is to raise £44.2m via a rights issue.

Glaxo, rising market earlier in the week following the agreement to purchase the biotechnology research facilities of the Swiss company Biogen, came under further selling pressure in the early dealings yesterday on worries about competition for its anti-ulcer drug Zantac. However, after an initial reaction, the shares rallied to close only a shade easier on balance at £17 7/16.

Elsewhere in the pharmaceutical issues, **Beecham** remained under a cloud following a recent bearish article in a financial magazine and reacted 18 further to 551p, but the volume of business—some 2m shares—was relatively small.

Kleen-E-Zee, manufacturer and distributor of brushes and cleaning materials, jumped 273p to 908p following the cash offer of 600p from Rightnovel. Publicity given to a presentation of **Cresta Holdings** left the share 17 higher at 237p, while further consideration of the proposed acquisition of Systems 80 Double Glazing prompted a further rise of 17 to 413p in **Cannon Street Investments**. Interest revived in **Worcester**, up 35 at 900p, but **Rank Organisation** ran into selling and touched 746p before closing above the worst at 750p, down 13 on the day. **Reuters** were also on offer at 369p, down 16. **Chemical Methods**, still reflecting the approach which may lead to a minority interest being taken in the company, advanced 4 further to 47p.

Newspapers featured **Portsmouth and Sunderland** which advanced 10 to 283p following the bumper first-quarter figures. Elsewhere, dealings in communications group **VPI**, formerly Valin Pollen, resumed substantially higher at 530p; the shares were suspended in June at 2[illegible]p ahead of the acquisition of US relations concern Carer Organisation.

British Land, up 13 at 347½p, featured Property shares again in the wake of speculation that the company's prime City office block, Plantation House, had been the subject of a Japanese offer. Elsewhere, Randsworth met with profit-taking and gave up 9 to 27[illegible]p along with **Land Securities** which eased 9 to 565p.

In the trust sector, the UK-orientated issues turned downwards, in line with the market in underlying UK stocks. Losses were not large, and the sector was not yet responding to the extremely bearish views on UK stocks expressed in some quarters of the London market.

A firm exception to the trend was **TR Energy Fund**, which was bought by Barclays de Zoete Wedd and by other major firms.

The best sector, however, was the Japanese-orientated funds which were bought on both fundamental and currency considerations. International investors remain bearish on the US dollar, and thus bullish on the yen. Prime spots included **Drayton Far East**, **Drayton Japan** and **GT Japan**. Stock was short in these Far Eastern funds, and Warburg Securities, a major marketmaker, bought up the stocks of its rivals twice, with each move leading to a higher price round.

Leading Oil shares got off to a slightly easier start, but a subsequent rally left quotations a few pence better on the day. Apart from Britoil, interest was shown in **Enterprise** which moved ahead strongly to close 17 higher at 3[illegible]p, while the current speculative favourite, **Ultramar**, slightly easier at one stage, rallied to close 4 better on the day at 3[illegible]p. **Lonrho** remained in favour, rising another 5½ to 306p, reflecting brokers' bullish notes and the strong platinum price. Other Overseas Traders were also firm with **Polly Peck** 20 up at 349p following agressive buying on a chart "buy" signal.

The gold share market was in good form again, spurred on by investor movement towards both bullion and general resources stocks as markets continued to show nervousness regarding inflation and near term interest rates. The strongest performances, once again, were from the heavyweights, where **Consolidated Gold Fields** jumped a further 7⅛ to £14 7/16 and **RTZ** ½ to £13 13/32. Traders commented that shortage of both the leading stocks was telling the rise in their respective share prices.

The producer issues also advanced in a very heavy day's business, encouraged additionally by a strong bullion price. There was a brief pause at mid-session on rumours of an impending labour stoppage in Johannesburg, but prices steadied to end only just below the day's best levels. Both Cape and Continental funds were again determined buyers of **Vaal Reefs** and other leading South African producers.

The welter of rumours currently surrounding Sears, ranging from a bid for the company from "down-under" to the group making a bid for Storehouse, against promoted a lively session in the traded options market. Sears attracted 2,792 calls and 3,239 puts. Operators also displayed persistent enthusiasm for positions in GKN which attracted 2,666 calls amid BTR bid chatter. Perennial options favourite **Hanson Trust** returned to the fore with 370 calls transacted. Total contracts struck amounted to 40,370.

FINANCIAL TIMES STOCK INDICES

	July 31	July 30	July 29	July 28	July 27	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	87.66	88.19	88.67	88.76	88.37	88.90	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.36	96.61	96.43	96.52	96.73	95.85	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1852.5	1862.3	1874.4	1855.0	1834.2	1273.4	1,926.2 (16/7)	1,320.2 (2/1)	1,926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	472.8	459.8	454.2	440.0	439.8	196.0	485.0 (14/4)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.12	3.10	3.07	3.10	3.14	4.33				
Earnings Yld.%(full)	7.68	7.51	7.45	7.52	7.62	10.53				
P/E Ratio (net) (*)	16.00	16.37	16.52	16.35	16.12	11.58				
SEAQ Bargains (5 pm)	48,563	53,434	51,519	51,949	47,113	—				
Equity Turnover (£m)	—	2137.33	2,082.60	1,665.21	1,545.45	338.34				
Equity Bargains	—	64,580	69,926	66,801	61,397	15,901				
Shares Traded (ml)	—	—	—	773.2	712.0	182.2				

S.E. ACTIVITY

Indices	July 30	July 29
Gilt Edged Bargains	124.7	117.2
Equity Bargains	418.4	453.1
Equity Value	4320.1	4209.5
5-Day Average		
Gilt Edged Bargains	125.7	131.3
Equity Bargains	423.2	413.8
Equity Value	9173.44	3694.6

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1850.4	1853.2	1842.9	1843.2	1847.9	1850.0	1846.5	1847.4

Day's High 1853.2 Day's Low 1840.2. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=15.71.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
Allied Lyons (*452)	420	48	60	70	7	15	18
	460	23	38	50	25	35	40
	500	9	20	30	53	60	62
Brit. & Comm. (*546)	500	68	828	985	12	20	25
	550	40	55	72	33	42	48
	600	17	32	47	62	70	77

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Guinness (*372)	330	45	58	68	2	7	10
	360	18	38	48	7	15	22
	390	4	22	37	22	28	37
Ladbroke (*446)	403	47	58	—	1	8	—
	420	—	—	60	—	—	18
	443	13	34	—	8	20	—
	460	6	25	38	20	30	33
LASMO	300	88	95	104	1½	2	5
	330	60	68	80	2	8	12
	360	34	49	63	6	16	22
	390	16	36	47	21	35	40
P. & O.	688	43	67	88	3	18	25
	750	10	32	50	28	40	48
	800	2	18	35	77	83	88
Plessey	200	9	19	25	7	12	16
	220	2½	10	16	22	26	32
	240	1	5	11	40	44	46
Prudential	1000	60	92	122	8	30	42
	1050	30	62	95	27	55	65
	1100	12	42	72	62	82	92
	1150	5	27	52	107	117	122
Racal	260	21	31	42	3	12	16
	280	8	21	31	12	22	26
	300	2	13	23	28	34	38
R.T.Z.	1150	245	255	280	2	12	30
	1200	195	210	245	3	20	50
	1250	145	170	220	8	35	70
	1300	105	145	195	20	48	95
Vaal Reefs	130	25	28½	31	2	7	10
	140	15	21	26½	4	9½	13½
	150	7½	16½	22	6½	11½	16½

Traditional Options

- First dealings July 20
- Last dealings July 31
- Last declaration Oct 22
- For Settlement Nov 2

For rate indications see end of London Share Service

Stocks dealt in for the call, included Unigate, Astra Industrial, Estates Property, Alumsac, Consolidated Gold Fields, Sears, Property Trust, Control Securities, Eagle Trust, Tranwood, STC, Debenham Tewson and Chinnocks, Greenwich Resources, Stormguard, North Kalgurli, Pavion, Atlantic Resources, Stakis, Neil and Spencer, Eglinton Oil, Feedex, Wheway, Centroy Petroleum, Ossory Estates, Polly Peck, IT, Kellock, Brent Walker, Sheafbank, Harris Queensway, Whim Creek and London International Group. Puts were taken out in Control Securities and Rotaprint, while double options were arranged in Cookson, Rotaprint and Greenwich Resources.

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (187)

AMERICANS (20), CANADIANS (3), BANKS (5), BUILDINGS (4), CHEMICALS (8), STORES (5), ELECTRICALS (9), ENGINEERING (6), FOODS (5), HOTELS (1), INDUSTRIALS (42), LEISURE (3), MOTORS (5), NEWSPAPERS (2), PAPERS (4), PROPERTY (3), SHIPPING (2), SHOES (1), SOUTH AFRICANS (1), TEXTILES (2), TRUSTS (25), OILS (4), PLANTATIONS (2), MINES (27).

NEW LOWS (7)

BRITISH FUNDS (6) Treas. 8pc 1991, Treas. 8pc 1992, Treas. 8½pc 2000, Exch. 9pc 2002, Treas. 8pc 2002/06 "A", Conv. 9pc Ln. 2011. TRUSTS (1) F. and C. Eurotrust.

LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

Corporation and County Stocks

No. of bargains included 7

London County 2½% Cons Stk 1920(or after) - £24♦
Greater London Council 6¾% Stk 90/92 - £89¾
Leeds(City of) 13½% Red Stk 2006 - £129♦
Newcastle-Upon-Tyne(City of) 11½% Red Stk 2017 - £109
Salford Corp 5½% Red Stk 86/88 - £95¼♦ ⅛♦ ¼♦
Swansea(City of) 13¼% Red Stk 2006 - £130 (24Jy87)

UK Public Boards

No. of bargains included 5

Agricultural Mortgage Corp PLC 4½% Deb Stk 81/91 - £79 (28Jy87)
5½% Deb Stk 93/95 - £71½ (28Jy87)
6¾% Deb Stk 92/94 - £81
6¾% Deb Stk 85/90 - £90 (28Jy87)
7¾% Deb Stk 91/93 - £85 (29Jy87)
9¼% Deb Stk 85/87 - £98½ (29Jy87)
10¼% Deb Stk 92/95 - £100 (28Jy87)

Commonwealth–Government

Foreign Stocks, Bonds, etc–(coupons payable in London)

No. of bargains included 13

United Mexican States 16½% Ln Stk 2008(Reg) - £99¾ ¾

Banks and Discount Companies

No. of bargains included 1606

Bank of Wales PLC 13½% Subord Uns Ln Stk 95/97 - £118 (28Jy87)
Barclays Bank PLC 7¾% Uns Cap Ln Stk 86/91 - £90
8¼% Uns Cap Ln Stk 88/93 - £94 ¼ ½ 5 ½
12% Uns Cap Ln Stk 2010 - £112¾ 3 (29Jy87)
16% Uns Cap Ln Stk 2002/07 - £141¾ 2
Commerzbank Ag Cdbr(Ies Warburg) DM10 - DM294
King & Shaxson Hldgs PLC 5% Cum 2nd Prf £1 - 48 (29Jy87)
Libra Bank PLC 8½% Cum Red Prf 2018 £1 - 100 (24Jy87)
Lombard North Central PLC 5% Cum 2nd Prf £1 - 47
Mercury International Group PLC 7¾% Cum Prf £1 - 100¾ 1
Midland Bank PLC 7½% Subord Uns Ln Stk 83/93 - £91 (29Jy87)
10¼% Subord Uns Ln Stk 93/98 - £102 ½ 4
14% Subord Uns Ln Stk 2002/07 - £125½ ¾ ⅞ 6
National Westminster Bank PLC 7% Cum Prf £1 - 63
9% Subord Uns Ln Stk 1993 - £99¾
12½% Subord Uns Ln Stk 2004 - £115¾ ¾ ⅞ 6
Rea Brothers Group PLC 8.6% Cum Cnv Prf £1 - 157 60
Royal Bank of Scotland Group PLC 11% Cum Prf £1 - 101½ (27Jy87)
Schroders PLC 8¾% Uns Ln Stk 97/2002 - £87 (29Jy87)
Standard Chartered PLC 12¾% Subord Uns Ln Stk 2002/07 - £117¾ 8

Breweries and Distilleries

No. of bargains included 549

Allied-Lyons PLC 5½% Cum Prf £1 - 53½ (29Jy87)
7½% Cum Prf £1 - 70 (24Jy87)
3% Red Deb Stk 85/90 - £80½ (24Jy87)
3½% Red Deb Stk 87/97 - £73
6¾% Red Deb Stk 84/89 - £94
6¼% Red Deb Stk 87/92 - £84½
7¼% Red Deb Stk 88/93 - £89¾
11¼% Deb Stk 2009 - £112
6¾% Uns Ln Stk - £60 (24Jy87)
7½% Uns Ln Stk - £68 70 (27Jy87)
7¾% Uns Ln Stk 93/98 - £87½
Bass PLC 4% Cum Prf £1 - 39½ (29Jy87)
7% Cum Prf £1 - 68 9¼ (29Jy87)
3¾% Deb Stk 87/92 - £85¾♦
8¼% Deb Stk 87/92 - £95
4½% Uns Ln Stk 92/97 - £70 (27Jy87)
7¾% Uns Ln Stk 92/97 - £88 9½ (29Jy87)
Bass Investments PLC 7¾% Uns Ln Stk 92/97 - £85
Boddington Group PLC 8½% Cnv Uns Ln Stk 2000/05 - £160 2 (29Jy87)
Bulmer(H.P.)Hldgs PLC 9½% Cum Prf £1 - 123 (27Jy87)
8¾% 2nd Cum Prf £1 - 112
Burtonwood Brewery PLC 7% Cum Prf £1 - 67 (24Jy87)
Devenish(J.A.) PLC 5½% Cum Prf Stk £1 - 53 (28Jy87)
Greenall Whitley PLC 8% Cum Prf £1 - 105 9
7% Ird Uns Ln Stk - £59 (24Jy87)
8¾% Ird Uns Ln Stk - £65 5
Hardys & Hansons PLC Ord 25p - 785 92 800 (29Jy87)
International Distillers & Vintners Ld 4¾% Deb Stk 2002/07 - £61 (28Jy87)
8½% Uns Ln Stk 87/92 - £92½
McMullen & Sons Ld 10½% Cum Prf £1 - 136
Mansfield Brewery PLC Ord £1 - 521
11½% Deb Stk 2010 - £113 (24Jy87)
Scottish & Newcastle Breweries PLC 7¾% Cum Prf £1 - 75
7% Cnv Cum Prf £1 - 151½ 2
8% 1st Mtg Deb Stk 84/89 - £92¾ (27Jy87)
8¾% 1st Mtg Deb Stk 85/90 - £93 (29Jy87)
7½% 1st Mtg Deb Stk 89/94 - £85 (29Jy87)
Seagram Distillers PLC 12¾% Deb Stk 2012 - £118⅝ ¾ (29Jy87)
Shipstone(James) & Sons Ld 4% Ird 1st Mtg Deb Stk - £30 (29Jy87)
Shrewsbury & Wem Brewery Co Ld 4% Ird 1st Mtg Deb Stk - £28 (24Jy87)
South African Breweries Ld 7% Red Cum Prf R1 - 5 (24Jy87)
Truman Ld 4% Deb Stk(1889)Red - £30
7¼% Deb Stk 88/93 - £89¼♦
Vaux Group PLC 11¾% Deb Stk 2010 - £113¾ (28Jy87)
Watney,Mann & Truman Hldgs PLC 4¾% Red Deb Stk

...

Tuskar Resources PLC Ord Ir£0.05 - I£0.46 I£0.48 p 38 40 ½ 2 ½ 3 4

The Third Market Appendix

No. of bargains included 130

Amercoeur Energy PLC Ord 10p - 70 5
Comac Group PLC New Ord 5p (Fp/LA-14/8/87) - 168 (28Jy87)
Lynx Technology PLC Ord 5p - 70 82 5

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Aberfoyle A$6.6 (27/7)
Acmex Hldgs 245 55 (27/7)
Acorn Secs 114♦ 22♦ 4♦ 5♦ 7♦ 22 6 7 8 30 1 2 3 4 5 6
Advanced Micro Devices £10.95♦ (28/7)
Algoma Central Railway £10⅝ (27/7)
Allstate Expl 45 (28/7)
Alltel Corp $25.914
American Barrick Res Corp npv £12½ (29/7)
American Carriers $9⅞
Amsterdam-Rotterdam Bank Fl 82.5 82.7 (28/7)
Aust Foundation 62♦ (27/7)
Basic Res Int (Bahams) 35 (27/7)
Black Hill Minerals 14♦ (27/7)
CSF (Thomson-CSF) FFr 1335
Central Norseman Gold A$2.859
Cerebos Pacific S$6.47177
Chuang's Consortium 7 ½ (29/7)
Churchill Res 22♦
City Devpts S$5.08 (29/7)
Conex Aust 6♦ 5½ 6½ (27/7)
Consolidated Expl 239 43 A$5.5 (29/7)
Cons Res 3♦ (29/7)
Daicel Chemical Indus Y725.39 (27/7)
Development Bank of Singapore S$15.30♦ 15.50♦
Duff Developments Berhad 60♦ (24/7)
Du Pont (E.I.) De Nemours $123 (29/7)
Eastcourt A$0.5884
Eurocan Ventures 44.50
Faber Merlin Malaysia 29.066 (27/7)
Fraser & Neave S$12¾
Geometals 20 (28/7)
Golconda Minerals 61.3 (28/7)
Gold & Mineral Exploration 18♦
Golbelt Mines C$3.16♦
Golden Valley Mines 34♦ (27/7)
Grants Patch Mining 28 (28/7)
Great Eastern Mines 6♦ (27/7)
Hang Lung Development HK$16.30
Hill 50 Gold Mines A$2.475♦ 2.75
HK-TVB 130 (30/7)
Holiday Corp $28½♦
Hysan Development HK$1.351 (24/7)
Int Mining A$0.278 (28/7)
Int Standard Resources 23♦ (27/7)
Invincible Gold NI Ord A$0.30 (A$0.20) 31♦2♦
Jardine Securities 99.2 (24/7)
Kern Corp A$3.503 (24/7)
Keystone International £11.70 (24/7)
Kuala Sidim Rubber M$2.7 (28/7)
Kulim Malaysia Ord 47 (29/7)
Loral Corp HK$2⅜ (24/7)
Macy (R. H.) & Co 68♦ (24/7)
Magnum Resources A$3.9 (27/7)
Malayan Cement S$1.592 (27/7)
Malaysian Airline System HK$6¼♦ (27/7)
Matsushita Electric Industrial Y2.150 20 64 77½ 80 85
Mid-East Minerals 50
Mitsubishi Heavy Inds Y581 (27/7)
National Electronics (Consc) 7½
National Victoria & Grey Trust Fl77¼, 89.10
North Flinders Mines 600 A$14¼ (29/7)
Ocean Resources 32♦ 30 (24/7)
Oil Search 72♦ 5♦ 7♦ 78, 9
Oilmet Resources A$0.45, 0.67, 0.72 (29/7)
Overseas Chinese Bkg Corp S$10.30
Palabora Mng 710
Pan Australian Mng 195 (28/7)
Pargesa Hldgs SA £1010
Petersville Sleigh A$2.841
Pioneer Electronic Corp Y3203.15, 3260.0 (29/7)
Playmates Hldgs $0.22
Plenty River Mng 13
Poseidon 260, 2, 4
Regal Hotels (Hldgs) 15♦ (24/7)
Royex Gold Mining Corp 262½♦
Schering-Plough Corp $30¾♦ 31.3♦ (24/7)
Selangor Coconuts 55♦ HK$2.58 (27/7)
Sky Line Exploration Com npv 55⅜ (29/7)
Societe Nationale Elf Aquitaine FFr 384 (29/7)
Source Perrier £66
Surling Petroleum 31½♦ (24/7)
Sun Hung Kai Co 31♦ (28/7)
Swire Pacific 8 HK$4.44

Continued on page 14

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JULY 30 1987					WEDNESDAY JULY 29 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (94)	148.85	+1.1	138.40	142.02	2.57	147.29	136.44	140.14	149.30	99.92	70.18
Austria (16)	99.04	−1.5	92.09	95.51	2.16	100.50	93.09	96.90	101.62	85.53	88.95
Belgium (48)	131.86	−1.2	122.61	125.52	3.81	133.44	123.61	127.19	133.44	96.19	82.28
Canada (132)	138.13	+0.4	128.44	133.28	2.09	137.64	127.50	132.80	138.59	100.00	94.97
Denmark (39)	115.15	+0.3	107.06	110.25	2.51	114.79	106.33	109.95	124.10	98.18	91.91
France (121)	108.63	−0.2	101.01	105.14	2.68	108.90	100.88	105.53	121.82	98.39	90.93
West Germany (92)	100.22	+1.2	93.19	96.71	1.95	99.01	91.71	95.63	100.33	84.00	82.19
Hong Kong (45)	137.28	+1.0	127.65	137.62	2.63	135.97	125.95	136.31	137.28	96.89	73.82
Ireland (14)	141.40	+0.9	131.48	137.98	3.24	140.14	129.82	136.89	145.41	99.50	95.35
Italy (76)	96.23	+0.5	89.48	96.55	1.87	95.76	88.70	96.29	112.11	93.47	94.40
Japan (458)	135.52	+0.6	126.01	127.94	0.52	134.77	124.84	128.38	161.28	100.00	92.33
Malaysia (36)	185.70	+0.8	172.67	182.03	2.06	184.19	170.62	180.52	186.58	98.24	80.20
Mexico (14)	305.32	+2.2	283.89	471.36	0.64	298.82	276.80	460.66	309.34	99.72	60.99
Netherland (38)	127.74	+0.7	118.77	121.91	3.62	126.83	117.48	121.12	127.97	99.65	90.50
New Zealand (26)	104.60	−1.5	97.26	98.42	3.00	106.16	98.34	97.14	109.97	83.93	70.41
Norway (24)	155.49	+1.6	144.57	143.14	1.90	153.06	141.78	141.01	155.49	100.00	91.96
Singapore (27)	165.85	+1.6	154.21	161.46	1.54	163.26	151.23	158.86	165.85	99.29	79.18
South Africa (61)	184.91	−0.6	171.93	132.56	3.13	186.07	172.36	132.29	186.74	100.00	70.79
Spain (43)	140.72	+1.9	130.84	134.59	2.97	138.07	127.90	132.74	140.72	100.00	84.99
Sweden (33)	121.13	+0.3	112.63	115.97	2.00	120.79	111.89	115.65	124.68	90.85	91.28
Switzerland (53)	104.22	+0.6	96.91	99.41	1.67	103.62	95.98	98.86	104.22	92.01	83.59
United Kingdom (336)	154.78	−0.7	143.92	143.92	3.12	155.92	144.43	144.43	162.87	99.65	93.96
USA (591)	129.66	+0.8	120.56	129.66	2.81	128.67	119.19	128.67	129.66	100.00	98.66
Europe (933)	126.31	+0.0	117.44	120.03	2.75	126.34	117.03	119.94	128.35	99.78	89.73
Pacific Basin (686)	136.02	+0.6	126.47	128.70	0.68	135.23	125.26	128.98	158.77	100.00	90.85
Euro-Pacific (1619)	132.19	+0.3	122.91	125.24	1.47	131.73	122.02	125.38	143.65	100.00	90.41
North America (723)	130.12	+0.7	120.99	129.89	2.77	129.15	119.63	128.93	130.12	100.00	98.47
Europe Ex. UK (597)	108.64	+0.6	101.02	105.13	2.42	107.98	100.03	104.64	108.64	98.02	87.20
Pacific Ex. Japan (228)	142.12	+0.9	132.15	137.77	2.54	140.88	130.51	136.11	142.12	99.92	72.27
World Ex. US (1826)	133.07	+0.3	123.73	125.85	1.52	132.63	122.85	125.95	143.38	100.00	90.33
World Ex. UK (2091)	129.46	+0.7	120.37	125.76	1.88	128.62	119.14	125.36	133.61	100.00	93.56
World Ex. So. Af. (2356)	131.36	+0.5	122.14	127.35	2.00	130.69	121.06	127.04	135.02	100.00	93.71
World Ex. Japan (1959)	129.91	+0.5	120.80	127.15	2.75	129.30	119.77	126.47	129.91	100.00	94.17
The World Index (2417)	131.71	+0.5	122.46	127.43	2.01	131.05	121.39	127.12	135.15	100.00	93.57

Base values: Dec 31, 1986 = 100

Latest prices were unavailable for this edition.

[illegible]

Series		Aug 87 Vol.	Aug 87 Last	Nov 87 Vol.	Nov 87 Last	Feb 88 Vol.	Feb 88 Last	Stock
GOLD C	$440	316	26.90	—	—	—	—	$463
GOLD C	$460	700	11.50	727	26.50	—	—	"
GOLD C	$480	156	4.10	179	17.90	8	27	"
GOLD C	$500	13	1.80	846	13.50	41	20.50	"
GOLD C	$520	—	—	41	7.50A	30	14.50	"
GOLD P	$380	—	—	50	0.50	—	—	"
GOLD P	$390	—	—	51	0.60	—	—	"
GOLD P	$420	—	—	10	2.80	—	—	"
GOLD P	$440	26	0.50	55	5.10	—	—	"
		Sep 87		Dec 87		Mch 88		
SILVER C	$500	—	—	20	255	—	—	$829
SILVER C	$700	47	142	10	170	—	—	"
SILVER C	$800	39	75	3	105	—	—	"
SILVER C	$850	3	50	25	75A	—	—	"
SILVER C	$900	16	40A	—	—	6	80	"
SILVER P	$650	—	—	10	20	—	—	"
SILVER P	$700	—	—	10	30	—	—	"
		Dec 87		Mar 88		Jun 88		
$/FL C	Fl.220	—	—	—	—	20	3.40	Fl.209
$/FL C	Fl.225	50	0.80	—	—	—	—	"
$/FL P	Fl.200	3	2.40	10	4.10	—	—	"
$/FL P	Fl.210	11	6.70A	—	—	—	—	"
		Oct. 87		Jan. 88		Apr. 88		
ABN C	Fl.500	272	16	7	25.50A	4	36	Fl.498.00
ABN P	Fl.440	105	1.0	—	—	—	—	"
AEGON C	Fl.105	130	1.70	—	—	—	—	F96.80
AEGON P	Fl.95	21	3.70	—	—	—	—	"
AHOLD C	Fl.100	20	9.60	—	—	—	—	Fl.106.70
AHOLD P	Fl.110	24	6.50	—	—	—	—	"
AKZO C	Fl.170	544	8.60	486	13.20	6	16.50	Fl.169
AKZO P	Fl.160	328	4	19	6.10B	6	7.50	"
AMEV C	Fl.75	294	1.30	11	2.50	2	3.70	Fl.67.50
AMRO C	Fl.85	430	2.90	76	5	3	6.50	Fl.83.30
ELSEVIER C	Fl.56	525	3.20	—	—	—	—	Fl.53.90
GIST-BROC. C	Fl.55	424	2	241	3.40	67	4.50	Fl.51.40
GIST-BROC. P	Fl.45	385	0.90	—	—	10	1.70	"
HEINEKEN C	Fl.190	202	10.50	1	14.50	1	18.10	Fl.193.50
HEINEKEN P	Fl.180	48	3.60B	25	6	—	—	"
HOOGOVENS C	Fl.45	492	5.20	43	7	5	8.50	Fl.47.80
HOOGOVENS P	Fl.45	203	2.70	53	3.40	4	4.60B	"
KLM C	Fl.55	964	2.90	245	4.40	27	6.20	Fl.54.60
KLM P	Fl.50	478	1.60B	67	2.70	109	3.80	"
NEDLLOYD C	Fl.170	88	9.50	36	13.70	—	—	Fl.167.50
NEDLLOYD P	Fl.150	158	4.50	6	7.40	—	—	"
NAT.NED. C	Fl.80	182	3.20	75	5.50	1	7	Fl.78.30
NAT.NED. P	Fl.75	47	2.30	10	3.50	—	—	"
PHILIPS C	Fl.60	1459	1.10	193	2.10	38	3.10	Fl.53.80
PHILLIPS P	Fl.55	504	3	82	4.40	84	5.20B	"
ROYAL DUTCH C	Fl.290	510	9.20	16	14.50	4	19.80	Fl.288.30
ROYAL DUTCH P	Fl.280	160	6.40	503	8.20B	9	10.40	"
ROBECO C	Fl.100	6	11.50	93	13	—	—	Fl.110.90
UNILEVER C	Fl.136	239	9.50	—	—	—	—	Fl.141
UNILEVER P	Fl.136	181	2.50	43	4.50	—	—	"

TOTAL VOLUME IN CONTRACTS: 40,477

A=Ask B=Bid C=Call P=Put

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Thursday July 30 1987

Mining Finance	+131.86	All-Share Index	+44.43
Publishing and Printing	+70.55	Consumer Group	+44.15
Metals and Metal Forming	+66.07	Industrial Group	+43.73
Property	+63.72	Merchant Banks	+43.04
Agencies	+59.44	Insurance (Composite)	+42.40
Contracting, Construction	+57.63	Food Manufacturing	+42.27
Textiles	+56.88	Other Groups	+41.56
Oils and Gas	+55.38	Other Industrial Materials	+40.72
Gold Mines Index	+54.19	Financial Group	+39.41
Building Materials	+53.85	Electronics	+37.92
Shipping and Transport	+52.30	Mechanical Engineering	+37.78
Electricals	+51.56	Stores	+37.76
Health and H'sehold Products	+50.06	Food Retailing	+36.96
Overseas Traders	+49.74	Insurance (Life)	+33.18
Packaging and Paper	+49.43	Telephone Networks	+32.84
Motors	+47.78	Conglomerates	+32.74
Chemicals	+45.87	Brewers and Distillers	+31.76
500 Share Index	+45.38	Investment Trusts	+29.32
Capital Goods	+45.22	Banks	+23.19
Leisure	+44.73	Insurance Brokers	+22.34

RISES AND FALLS ON THE WEEK

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	3	106	4	194	340	31
Corporations, Dom. and Foreign Bonds	1	20	37	25	86	179
Industrials	408	598	554	2,823	2,215	2,774
Financial and Props.	117	213	269	926	785	1,284
Oils	39	34	41	194	146	230
Plantations	2	3	9	19	8	43
Mines	104	18	68	362	168	420
Others	120	52	85	563	274	450
Totals	794	1,044	1,067	5,106	4,022	5,411

BANK RETURN

BANKING DEPARTMENT	Wednesday July 29, 1987		Increase (+) or decrease (−) for week
LIABILITIES	£		£
Capital	14,553,000		—
Public Deposits	86,578,671	+	2,271,068
Bankers Deposits	1,126,729,141	+	137,423,149
Reserve and other Accounts	2,768,359,532	−	202,892,103
	3,996,220,344	−	63,197,886
ASSETS			
Government Securities	680,050295	−	266,995,000
Advance and other Accounts	1,228,648,790	+	504,068,800
Premises Equipment & other Secs.	2,079,210,296	−	294,735,776
Notes	8,029,719	−	5,561,315
Coin	291,244	+	25,405
	3,996,220,344	−	63,197,886591

ISSUE DEPARTMENT			
LIABILITIES	£		£
Notes in Circulation	13,311,970,281	+	15,561,315
Notes in Banking Department	8,029,719	−	5,561,315
	13,320,000,000	+	10,000,000
ASSETS			
Government Debt	11,015,100		—
Other Government Securities	7,687,881,305	+	393,817,648
Other Securities	5,621,103,595	−	383,817,648
	13,320,000,000	+	10,000,000

MONTHLY AVERAGES OF STOCK INDICES

	July	June	May	April
Financial Times				
Government Securities	89.97	91.75	92.43	90.64
Fixed Interest	97.45	98.21	97.83	96.95
Ordinary	1,855.2	1,759.8	1,674.1	1,554.7
Gold Mines	420.2	385.6	428.7	447.2
SEAQ Bargains (5p.m.)	53,501	48,405	47,665	41,476
F T — Actuaries				
Industrial Group	1,229.53	1,173.72	1,117.78	1,030.83
500 Share	1,327.37	1,261.63	1,196.58	1,099.21
Financial Group	853.00	785.00	734.98	684.91
All-Share	1,200.11	1,132.34	1,072.67	988.85
FT-SE 100	2,366.7	2,265.8	2,148.7	1,972.07

	July High	July Low
Ordinary	1,926.2(16th)	1,772.1(1st)
All-Share	1,238.57(16th)	1,149.15(1st)
FT-SE 100	2,443.4(16th)	2,269.8(1st)

BASE LENDING RATES

	%		%		%
ABN Bank	9	● Charterhouse Bank	9	Nat Bk. of Kuwait	9
Adam & Company	9	Citibank NA	9	NatWestminster	9
Allied Arab Bk Ltd	9	City Merchants Bank	9	Northern Bank Ltd	9
Allied Dunbar & Co	9	Clydesdale Bank	9	Norwich Gen. Trust	9
Allied Irish Bank	9	Comm. Bk. N. East	9	PK Finans. Intl (UK)	9½
American Exp. Bk	9	Consolidated Cred	9	Provincial Trust Ltd	10
Amro Bank	9	Co-operative Bank	*9	R. Raphael & Sons	9
Henry Ansbacher	9	Cyprus Popular Bk	9	Roxburghe G'rantee	9½
ANZ Banking Group	9	Duncan Lawrie	9	Royal Bk of Scotland	9
Associates Cap Corp	9	Equat'r'l Tst C'p plc	9	Royal Trust Bank	9
Authority & Co Ltd	9	Exeter Trust Ltd	9½	Smith & Williams Secs	9
Banco de Bilbao	9	Financial & Gen. Sec	9	Standard Chartered	9
Bank Hapoalim	9	First Nat. Fin. Corp	10	TSB	9
Bank Leumi (UK)	9	First Nat. Sec. Ltd	10	UDT Mortgage Exp	¶11.1
Bank Credit & Comm	9	● Robert Fleming & Co	9	United Bk of Kuwait	9
Bank of Cyprus	9	Robert Fraser & Ptrs	10	United Mizrahi Bank	9
Bank of Ireland	9	Girobank	9	Unity Trust PLC	9
Bank of India	9	Grindlays Bank	‡9	Western Trust	9
Bank of Scotland	9	● Guinness Mahon	9	Westpac Bank Corp	9
Banque Belge Ltd	9	HFC Trust & Savings	9	Whiteaway Laidlaw	9½
Barclays Bank	9	● Hambro Bank	9	Yorkshire Bank	9
Benchmark Tst Ltd	9	Heritable & Gen. Tst	9		
Beneficial Trust Ltd	10	● Hill Samuel	§9		
Berliner Bank AG	9	C. Hoare & Co	9		
Brit Bk of Mid East	9	Hongkong & Shangh	9		
● Brown Shipley	9	Lloyds Bank	9		
Business Mtge Tst	9	Meghraj & Sons Ltd	9		
CL Bank Nederland	9	Midland Bank	9		
Canada Permanent	9	● Morgan Grenfell	9		
Cayzer Ltd	9	Mount Credit Corp. Ltd	9		

● Members of the Accepting Houses Committee. * 7-day deposits 4%. Savewise 6.66%. Top Tier—£2,500+ at 3 months' notice 7.97%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 4½% gross. ¶ Mortgage base rate. § Demand deposit 3.99%. Mortgage 11.25%.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	2,100	203	−4	Jaguar	724	586	−2
Allied Lyons	1,800	454	−2	Ladbroke	2,500	449	+5
Amstrad	667	176	−1	Land Securities	1,800	565	−9
Argyll Group	409	442	−4	Legal & Gen.	766	327	−8
Assoc. Brit. Foods	41	379	−5	Lloyds Bank	1,100	363	—
BAT	778	636	−4	Lonrho	3,200	306	+5½
BET	250	293	−2	MEPC	720	541	−13
BOC	910	539	−3	Marks & Spencer	1,000	261½	−1½
BPB Inds.	25	830	−9	Midland Bank	536	622	−1
BPCC	3,100	344	−5	NatWest Bank	1,400	740	−9
BTR	1,600	334	−1	Next	3,100	345	+5
Barclays	2,400	613	−8	Pearson	981	775	+3
Bass	319	985	−9	P & O	539	726	−13
Beecham	2,400	551	−8	Pilkington Bros.	507	995	−11½
Blue Circle	721	515	−5	Plessey	6,200	203	−2
Boots	3,500	324	−2	Prudential	495	£10½	−¼
Brit. Airways	6,000	156	+1	Racal	3,300	276	−1
Brit. Aero	689	540	+1	Rank Org.	312	750	−13
Brit. & Comm.	263	547	−5	RHM	525	342	−2
British Gas	10,000	183½	+3½	Reckitt & Col	156	£11¼	−¼
Britoil	10,000	345½	+17	Redland	1,100	558	−10
BP	2,440	386	+1	Reed Intl.	1,700	554	−4
Brit. Telecom	5,900	286	−3	Reuters	872	869	−16
Bunzl	1,000	265	−2	RMC	147	520	−4
Burton	1,300	327	−2	RTZ	1,100	£13⅞	+⅛
Cable & Wire	2,500	420	−5	Rolls-Royce	10,000	121½	+3½
Cadbury Schwps	1,700	274	−1	Rowntree	1,600	574	+10
Coats Viyella	1,300	367	+½	Ryl Bank Scotland	1,000	402	−8
Comm. Union	753	378	—	Royal Insurance	1,500	558	−7
Cons. Gold	2,000	£14⅞	+⅛	STC	1,900	317	—
Cookson	719	761	−3	Saatchi & Saatchi	1,100	643	−24
Courtaulds	749	493	−2	Sainsbury	1,900	285	—
Dee Corpn	1,900	231	−3	Scott & Newcastle	1,000	248½	−2½
Dixons Group	1,200	378	+2	Sears	8,900	173½	—
English China Clays	1,200	511	−2½	Sedgwick	2,050	334	−6
Fisons	663	352	−7	Shell Trans	1,100	£14¼	—
Gen. Accident	158	£10 11/16	−⅛	Smith & Nephew	1,600	181	−1½
Gen. Elect	10,000	235	+1	Standard Chart	563	817	−6
Glaxo	2,500	£17 7/16	−1/16	Storehouse	18,000	382	+18
Globe Investment	702	186	—	Sun Alliance	486	£10⅞	−⅛
Granada	411	353	—	TSB	2,900	89½	−1½
Grand Met	2,400	566	−1	Tarmac	1,900	325	−6
GUS "A"	470	£14⅝	−½	Tesco	1,600	201	−3
Guardian R.E.	98	£10⅛	−⅛	Thorn EMI	1,600	713	+1
GKN	4,600	431	+2½	Trafalgar House	1,000	423	+3
Guinness	1,400	374	−3	T'house Forte	2,500	268	−3½
Hammerson	95	608	−10	Unigate	3,600	380	−5
Hanson Trust	14,000	182½	+2	Unilever	908	673	−9
Hawker Sidd	924	610	−1	United Biscuits	687	327	−3½
Hillsdown Hldgs	8,200	327	+7	Wellcome	831	480	−6
ICI	1,500	£15¼	−⅓	Whitbread "A"	253	365	−2
				Woolworth	1,500	391	−9

Continued from page 13

Tai Cheung Properties HK$4.155φ
Target Petroleum Ord 32
Target Petroleum ($A0.15) 14φ 17φ
Terrex Rresources 6 (27/7)
Third Canadian Gen Inv Tst £23¼
Tri-Basin Resources 50
Vuitton (Louis) FFr 1145
Westfield Minerals 170
Wong Industrial Hldgs 20φ
Zanex 15φ

RULE535 (2)

Applications granted for specific bargains in securities not listed on any exchange.

All England Lawn Tennis Gnd £500 Dbs 1986-90 £22,000 22,500 23,000 (29/7)
Alliance & Leicester Bldg Soc 9 11/16pc Bds 26.8.87 £99.9656 (24/7)
Amal Metal Corp (£1) 205 20 (27/7)
Assoc Hotels (50p) 260 (24/7)
Barbican Hldgs (1p) 4½ 5 ½
Birmingham Executive Airways (10p) 10¼ (27/7)
Channel Islands Communications 475 (28/7)
Conister Trust 125 (29/7)
Five Oaks 7½pc1stPf (£1) 51 3 (28/7)
Fredericks Place (20p) 75 87
Greenstar Hotels (10p) 27 (29/7)
Guidehouse (1p) 60 (29/7)
Kunick Leisure (10p) 42 3 6
Le Riches Stores (£1) 450 (29/7). Do Nil pd 140
Lincolnshire Standard 400 (27/7)
Manx and Overseas Inv Tst (10p) 25 (24/7)
Merritt (10p) 455 62 (29/7)
Norton Villiers Triumph (1p) 7 8 ½ 9 ½
Oodies (10p) 24½ (28/7)
Rangers (£1) £12 ⅛ 13 (24/7)
Shepherd Neame A 715 20 (28/7)
Southern Newspapers (£1) 312½ (28/7)
UTC Trading (5p) 60 70 (28/7)
Weetabix A 300 (24/7)
West Wittering (£1) 152 (28/7)
Wistech (5p) 81 3 (28/7)
Yates Bros Wine Lodges 140

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration.

Kenmare Oil Expln (Ir25p) 61 2 3 4

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01-280 2860

American Growth	115.7	122.4	+1.9	0.79
(Accum Units)	121.3	128.5	+2.0	0.79
Amer Recovery Fund	53.7	56.8	-0.8	2.13
(Accum Units)	53.2	56.4	-0.8	2.13
American Sm Cos Fd	54.8	57.5	+0.8	0.45
(Accum Units)	54.4	57.5	+0.8	0.45
American Income	52.5	54.5	-0.6	4.24
(Accum Units)	57.2	60.5	-0.9	4.24
European Growth	157.9	167.0	+0.8	2.51
(Accum Units)	163.4	172.9	+0.4	2.51
European Income	85.5	90.4	+0.2	3.62
(Accum Units)	89.6	94.8	+0.2	3.62
General	393.8	416.3	-5.2	1.61
(Accum Units)	653.5	691.5	-8.7	1.61
Gilt	82.4	87.8	-0.6	7.95
(Accum Units)	103.9	104.6	-0.7	7.95
Growth Fund	52.4	55.4	+0.3	0.67
(Accum Units)	52.4	55.4	+0.3	0.67
High Interest Fund	47.0	49.7	-0.4	8.90
(Accum Units)	47.4	50.1	-0.4	8.90
High Income Fund	56.7	59.3	-0.4	4.44
(Accum Units)	56.0	59.2	-0.4	4.46
Income	131.8	139.4	-0.7	2.91
(Accum Units)	151.2	159.9	-0.8	2.91
International	304.4	322.1	+3.5	1.13
(Accum Units)	381.0	405.1	+4.3	1.13
Japan	200.3	211.9	+0.3	0.55
(Accum Units)	205.7	217.6	+1.1	0.55
Pacific Fd	59.3	62.7	+0.6	0.10
(Accum Units)	59.3	62.7	+0.6	0.10
Recovery	333.6	352.7	-3.9	1.45
(Accum Units)	362.5	383.5	-3.8	1.45
UK Smaller Co's Fd	56.8	60.1	-0.1	1.63
(Accum Units)	56.8	60.1	-0.1	1.63
Europe	567.2	576.4	—	2.28
(Accum Units)	575.3	598.8	—	2.28

Merlin Fund Mngmnt Ltd
30 St James St, London SW1A 1HB 01-925 1277

Merlin July 29	635.0	649.8	-31.0	2.08

Metropolitan Unit Trust Mngrs Ltd
5 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184

UK Income Fund	67.1	71.3	-0.2	4.21
Accum Units	67.1	71.3	-0.2	4.21
UK Growth Fund Acc	65.5	69.6	-0.5	1.44
Global Income Fund	50.1	53.2	+0.2	3.76
Accum Units	50.1	53.2	+0.2	3.76
Global Growth Fund	49.1	52.2	+0.5	0.48

Midland Bank Group UT Mngrs. Ltd
Courtwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 769842

Capital	134.6	142.8	—	1.23
(Accum Units)	186.0	197.3	—	1.23
Commodity & Gen.	196.7	208.7	—	1.40
(Accum Units)	280.8	297.9	—	1.40

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-59 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn Link Line 0800 010345

Holborn Comm Tst	82.7	87.5	+0.1	0.98
Holborn Equity Income	77.2	81.6	-0.3	3.15
Holborn Equity Tst	634.2	619.9	-8.5	2.08
Holborn European Tst	124.1	131.3	+1.0	0.63
Holborn Gilt Tst	209.5	210.5	-1.6	2.38
Holborn High Inc Tst	92.8	98.2	-0.3	4.39
Holborn Intl Grth Tst	123.6	130.7	+0.8	0.67
Holborn Japanese Tst	126.7	136.1	+1.7	0.08
Holborn N. Amer Tst	98.4	104.1	+0.7	0.47
Holborn Sm Cos Tst	83.7	88.5	-0.1	1.31
Holborn Spec Sits Tst	109.8	116.1	-1.5	1.26
Holborn UK Growth Tst	122.9	130.0	-1.5	1.44

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd	698.7	737.9	+9.9	1.33
Quadrant Income	346.0	364.1	+3.0	3.65
Quadrant Intl. Fund	457.4	484.1	—	1.03
Quadrant Spec. Sits.	504.4	535.8	+20.6	1.25

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	251.6	267.5	-4.2	2.15
Reliance Unit Tst (Inc)	176.2	187.9	-2.2	1.72
Reliance Ut Tst (Acc)	237.1	252.1	-3.0	1.72

Rensbury Fund Managers
Saddlehouse Ct., Tithebarn St., Liverpool. 051-227 2030

Internat. Growth Trust	51.7	54.4	+0.6	1.5

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-634 2981/4

NC America (Inc)	363.8	385.1	+3.1	0.76
NC America (Acc)	368.3	391.8	+3.5	0.76
NC Inc Fd.	131.5	139.8	-1.9	2.70
NC Japan Fd.	208.4	221.7	+5.7	0.0
NC Major UK Cos Fd.	73.8	78.5	-1.2	1.53
NC Smllr Australasian	90.9	96.7	+0.6	0.89
NC Smllr Canadian CoFd	50.2	53.9	+0.3	0.91
NC Smaller Cos	250.3	272.6	+0.4	0.86
NC Smaller European	198.7	211.9	+1.6	0.46
NC Prop.*	157.2	171.6	—	(z)

*Unauthorised Unit Trusts
For Rowan see Merlin

Royal Bank of Canada Fds.
RBC Trust Managers Limited.
1, London Wall, London EC2Y 5JX. 01-600 6222

RBC Select Grth Acc	93.6	99.5	+1.4	—

Standard Life Trust Mngt. Ltd
3 George St, Edinburgh EH2 2XZ

Managed Trust Acc.	32.4
UK Equity Gth Tst Acc	38.9
UK Equity High Inc Inc	38.2
UK Equity Gen Tst Acc	41.0
UK Equity Gen Tst Inc	36.2
Gilt & Fxd Int Tst Inc	26.5
Nrth Amer Tst Acc	30.5
Far East Trust Acc	40.8
European Trust Acc	29.6

Stewart Ivory Unit Trust Mgrs Ltd
45 Charlotte Sq, Edinburgh

Sun Alliance Fund Management Ltd
Sun Alliance House, Horsham

Sun Life of Canada Unit Mgrs Ltd
Basingview, Basingstoke, Hants

Sun Life Trust Mngt. Ltd
101, Cannon St, London EC4

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

MANAGEMENT SERVICES

[illegible]

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101⅞	100¾	Treas. 12pc 1987	100⅛	−⅛	11.93	9.24
99¾	97¾	Treas 7¾pc 1985-88‡‡	99¼	......	7.79	8.75
102¼	99¾	Exch 10½pc '88	100½	−⅛	10.45	9.68
101¾	98¾	Treas 9¾pc Cv '88	99¾	+⅛	9.75	9.73
97⅛	93⅛	Transport 3pc '78-88	96¾	+⅛	3.10	6.57
101⅛	98⅛	Treas. 9½pc '88	99¾	−⅛	9.54	9.77
105¾	101⅛	Treas 11½pc 1989	102¾xd	−⅛	11.23	9.76
102⅛	97¾	Treas 9½pc Cnv 1989	99¾	−⅛	9.54	9.73
94¾	89¼	Treas 3pc 1989	93¾	−⅛	3.20	6.71
104⅝	99¾	Treas 10½pc 1989	101¾	−⅛	10.76	9.68
103⅛	98½	Exch 10pc 1989	100¾	−⅛	9.96	9.74
105¼	100¾	Exch 11pc 1989	102¾	−⅛	10.75	9.74
95¾	89⅛	Treas 5pc 1986-89	94¾	......	5.28	7.64
108⅛	100¼	Exch 10¼pcCv '89	101¾	−¼	10.10	9.47
111⅛	105¾	Treas 13pc 1990‡‡	107⅛	−¼	12.14	9.65
106½	100¾	Exch 11pc 1990‡‡	102¾xd	−¼	10.71	9.73
110⅛	104¾	Exch. 12½pc 1990	106⅛	−¼	11.78	9.78
91¾	84½	Treas. 3pc 1990	90¾	−⅛	3.31	6.77
100⅛	93¾	Treas 8¼pc 1987-90‡‡	98	+⅛	8.43	9.09
105	97½	Treas. 10pcCv 1990	100⅛	−⅛	9.96	9.81
89¾	81⅛	Exch 2½pc 1990	88⅛	......	2.83	6.48
110¼	103¾	Treas 11¾pc 1991	105¾	−⅛	11.14	9.81
95⅛	87¼	Funding 5¾pc '87-91‡‡	92½	−⅛	6.21	8.12
89⅛	80¼	Treas. 3pc 1991	87⅛	−⅛	3.43	6.84
110¼	100⅛	Treas 10pc Cv '91 ‡‡	101¾	−¼	9.83	9.41
109¼	101¼	Exch. 11pc 1991	104⅛	−⅛	10.58	9.81
18¾	17¼	Treas. 8pc 1991 (20pd)a	17¼	−⅛	8.23	8.78
116⅛	108⅛	Treas 12¾pc 1992‡‡	110⅛	−¼	11.53	9.75
106⅛	97¾	Treas 10pc 1992	100¾xd	−⅛	9.91	9.73
99¼	93¾	Treas. 8pc 1992 ‡‡	93¾	−¾	8.15	8.47
108¾	99¾	Treas 10½pc Cv 1992‡‡	102¼	−½	10.12	9.74
85¼	85⅛	Treas. 3pc 1992	85⅛	−⅛	3.50	6.46
		Five to Fifteen Years				
115⅞	106½	Exch. 12¼pc '92	109¼xd	−¾	11.21	9.86
121⅛	111¼	Exch 13½pc 1992	113¾	−⅛	11.85	9.94
107⅛	97¾	Treas 10pc 1993‡‡	100¼	−½	9.93	9.82
118⅛	108¾	Treas 12½pc 1993‡‡	111¾	−¾	11.23	9.92
95¾	82¼	Funding 6pc 1993‡‡	89¼	−½	6.73	8.27

BRITISH FUNDS—Contd

1987 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		Index-Linked (b)			(1)	(2)
131¾	125½	Treas. 2pc '88 (297.1)	131½	−⅛	—	1.98
117¼	108¾	Do. 2pc '90 (333.9)	116¾	......	0.63	2.13
99⅛	93½	Do. 2pc '92‡‡ (385.8)	97¾	......	2.09	2.81
128⅛	119⅛	Do. 2pc '96 (267.9)	126⅛	−⅛	3.29	3.80
111¼	101¾	Do 2½pc '01 (308.8)	105⅛	−⅛	3.48	4.08
110	100¼	Do. 2½pc '03 (310.7)	103¾	−⅛	3.44	4.09
113⅛	103⅛	Do. 2pc '06 (274.1)	105¾	−⅛	3.53	3.95
108	98¼	Do. 2½pc '09 (310.7)	100¼	−⅛	3.46	3.87
113¾	103⅛	Do. 2½pc '11 (294.1)	105½xd	−⅛	3.57	3.81
95⅛	86⅛	Do. 2½pc '13 (351.9)	88⅛xd	−⅛	3.50	3.76
103⅛	94	Do. 2½pc '16 (322.0)	95¾	−¾	3.30	3.69
101⅛	91¾	Do. 2½pc '20 (327.3)	94¼	−¾	3.34	3.62
86⅛	77¼	Do. 2½pc '24 ‡‡(385.3)	80	−¾	3.29	3.53

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for November 1986: 391.70 and for June 1987: 101.9 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

1987 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
113⅞	99½	African Dv Bk 11¼Ln 2010	102¾xd	−⅛	10.87	10.81
109¾	95	Asian Dev Bk 10¼pcLn2009	98¼	−⅛	10.38	10.38
136	118¾	Australia 13½pc 2010	124¾	−⅛	10.85	10.62
118¼	102¼	Do. 11¾pcLn2015	107	−⅛	10.63	10.58
115⅝	102¼	Euro Inv Bk 11pc Ln 2002	105¼	−½	10.46	10.31
110¼	97½	Do. 10¼pc2004	100¼	−⅛	10.34	10.31
126¼	112¾	Int-Am Dev Bk 12½pc 2003	115¼xd	−⅛	10.85	10.47

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1987 High	Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
53	42	Greek 7pc Ass.	53xd	...	3.50	f6.60
50	40	Do. 6pc 28 Stb. Ass.	50	......	3	f6.00
47	45	Do 4pc Mixed Ass.	47	......	2	f4.26
66	58	Hung. '24 Ass	65	......	2.75	f4.23
146½	122¾	Hydro Quebec 15pc 2011	134¼	−½	15.00	10.92
94	83	Iceland 6½pc '83-88	90	......	—	—
136¼	115½	Do. 14½pc Ln. 2016	125⅝xd	−¼	14.50	11.43
103½	94	Ireland 9¾pc '91-96	96	......	9.75	10.02
98½	85	Japan 6% '83-88	88	......	—	—

AMERICANS

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'w	Y'ld Gr's
41⅛	32¾	Abbott Laboratories§	39¼	−⅛	$1.00	—	1.5
17	11¾	Ahmanson (H.F.)	12¾	+¼	88c	—	4.2
38¾	24¾	Alcoa $1	38¾	+⅛	$1.20	—	1.9
18¾	15½	Allegheny & W $0.01	15½	−¼			
19⅛	8¾	Amax $1	17¾	+⅛	—	—	—
26¼	17¼	Amdahl 5c	23¼	+¼	20c	—	0.5
33	25½	Amer. Cyanamid $5	33	+½	$1.90	—	3.5
25⅛	18	Amer. Express $0.60	23⅝xd	+⅛	$1.44	—	3.8
12¾	10	Amer. Medical Int. $1	12½	......	♦72c	—	3.5
20⅛	14¼	American T. & T. $1	20⅛	+⅛	$1.20	—	3.6
63	46¾	Ameritech $1	54¾	−⅛	h$4.72	—	5.3
21¾	15½	Amfac‡	21½	......	—	—	—

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
30½	22⅞	Sara Lee $1	28½xd	+⅛	$1.00	—	2.2
11⅞	8⅞	Saul (B. F.) $1	10⅞xd	+⅛	20c	—	1.1
26¼	19⅞	Southwestern Bell $1	23½	+¼	h$2.32	—	6.1
18½	14¼	Staley Continental	17⅝	+⅛	80c	—	2.8
44⅞	36⅝	Sun Co. Inc. $1	41½xd	+⅞	$3.00	—	4.4
37½	28½	TRW Inc. $0.625	37⅛	+⅞	h$1.60	—	—
32¾	25⅞	Tenneco $5	32¾		$3.04	—	5.7
197½	149½	Do. 10pcLn.Stk. 91-5	197½xd		10%	—	f5.1
29½	17⅞	Texaco $6.25	29¼xd	+¼	$3.00	—	6.3
70⅝	47¼	Time Inc. $1	70⅛	+1⅛	$1.00	—	0.9
14½	11	Tracor $0.33	12½	+⅛	40c	—	2.0
27⅞	18⅞	Transamerica $1	27⅞	+⅞	$1.76	—	3.9
13⅝	922p	Transworld Corp $5	13⅝	+⅛	20c	—	0.9
46⅛	29¼	TRINOVA Corp.	45⅛	+⅛	h$1.00	—	1.4
24⅞	15⅞	♥USX $1	24⅞	+⅞	$1.20	—	3.1
19⅝	15⅞	Union Carbide $1	17½	+⅞	$1.50	—	5.3
36⅛	26⅞	Utd. Technologies	36⅛	+1⅛	$1.40	—	2.4
38⅝	27	US West	32⅝	+¼	$3.28	—	6.2
29⅛	17⅛	Waste Management $1	29⅛	+1⅛	—	—	—
£31⅛	£20½	Whirlpool $1	£22⅛	+⅛	—	—	—
36⅝	26	♥Woolworth $3½	36⅛	+⅞	$1.32	—	2.2

CANADIANS

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
21p	10p	♥Abbot Energy Corp.	21p	+1	—	—	—
13¼	50p	♥Amer. Barrick Res.	13¼xc	+⅛	—	—	—
122p	53p	Armeno	87p	+10	—	—	—
19⅛	14⅝	Bk. Montreal ‖	16⅛	+⅛	$2.00	—	5.7
10⅛	745p	Bk. Nova Scot. ‖	851p	...	72c	—	3.9
20⅝	18	BCE ‖	19⅝	+⅛	$2.40	—	5.7
10⅛	712p	♥Bow Valley‖	10	+⅛	40c	—	1.8
19¼	12⅞	♥Brascan‖	19	+¼	88c	—	2.1
609p	277p	♥Breakwater Res.	437p	−3	—	—	—
11⅝	894p	Can. Imp. Bk. $2	10⅛xd	...	$1.08	—	4.6
14	865p	Can. Pacific ‖	13⅛xd	...	48c	—	1.6
42½	37½	Do. 4pc. Deb £100	41½	...	4%	—	9.6
15¼	750p	♥Echo Bay Mines	15⅛		20c	—	0.6
181p	60p	Euro-Asia Capital Ltd.	170p	+1	—	—	—
723p	293p	♥Galactic Resources	560p	...	—	—	—
69p	32p	Global Data Systems	53p	−1	—	—	—
873p	399p	Granges Explo‖	756p	−1	—	—	—
19p	10p	♥Gt. Pacific Res	14p	−4	—	—	—
14⅛	781p	♥Gulf Canada‖	14	...	52c	—	1.7
13⅝	10	♥Hawker Sid Can‖	13½	+⅛	96c	—	3.3
740p	460p	Henlys Group	520p	−8	—	—	—
14⅛	10⅝	Hudson's Bay ‖	11⅞	−⅛	60c	—	2.3
37⅞	24⅞	♥Imperial Oil‖	37	−⅛	s$1.60	—	2.0
13⅝	782p	Inco‖	13⅝xd	+½	US$0.20	—	0.9
25⅝	14⅛	♥Intl. Corona Res.	21⅛	+1	—	—	—
703p	575p	♥Inland Nat. Gas $1	703p	+22	60c	—	3.9
10⅛	385p	♥Lacana Mining Corp‖	957p	+24	Q15c	—	0.7
363p	158p	♥Moscocho Expln	301p	−4	—	—	—
10	748p	♥Nat Business Sys‖	904p	+12	—	—	—
623p	338p	♥Nevada Goldfields	467p	+9	—	—	—
12	927p	♥Rio Algom	11⅛	+⅛	$1.30	—	5.3
19⅛	14⅛	Royal Bk. Can. ‖	16⅞xd	+⅛	$2.00	—	5.5
365p	135p	♥Royex Gold Mining ‖	319p	+37	—	—	—
49½	40⅛	Seagram‖	49⅛	+½	US$1.00	—	1.2
15	11⅛	Toronto-Dom. Bk.‖	14½	+⅛	84c	—	2.7
228p	19p	♥Trans Atlantic Res ‖	95p	+6	—	—	—
10⅛	789p	♥Trans Can Pipe	886p	......	$1.12	—	5.8
194p	123p	Varity Corp‖	158p	+1	8	—	—

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Continued

[illegible]

LEISURE

[illegible]

MOTORS

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING—Continued

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

FINANCE, LAND—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Gr's	P/E
[illegible]								
46	9	Ardmore Pet. 'A'	25	+3	—	—	—	—
98	45	Catalyst Comms. 5p	86	–2	—	—	—	35.7
200	163	Chelsea Artisans 5p	168	.....	—	—	—	22.5
180	155	Comac Group 5p	163	.....	—	—	—	—
151	47	Corton Beach 10p	135	.....	0.4	ϕ	0.4	ϕ
200	150	Crown Eyeglass 5p	170	–2	—	—	—	—
285	102	Edenspring Investment	265	.....	—	—	—	—
*62	18	Eglinton Oil Ir.5p	31	–2	—	—	—	—
41	17	Do. Warrants	21	.....	—	—	—	—
186	101	Far East Res. 10p	178	–5	—	—	—	—
82	17	Publishing Hldgs.5p	77	.....	—	—	—	44.6
87	45½	Theme Holdings	78	.....	1.0	ϕ	1.8	ϕ
140	111	Unit Group	140ϕ	.....	R4.6	2.5	4.5	10.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganization in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv 20p	91	.....
Craig & Rose £1	£20¼	+¼
Finlay Pkg. 5p	124	+1
Holt (Jos) 25p	1603	.....
Ioll Stm. £1	146	.....
IRISH		
Fund 11¼% 1988	£100½	.....
Nat. 9¾% 84/89	£97¾	.....
Fin. 13% 97/02	£105⅝	.....
Arnotts	375	+5
CPI Hldgs	85	.....
Carroll Inds.	163	.....
Dublin Gas	18	.....
Hall (R. & H.)	140	.....
Heiton Hldgs.	50	.....
Irish Ropes	195	+5
Unidare	450	.....

TRADITIONAL OPTIONS

3-month call rates

Stock	p
Industrials	
Allied-Lyons	40
Amstrad	20
BAT	55
BOC Grp.	45
BSR	17
BTR	30
Babcock	19
Barclays	52
Beecham	50
Blue Circle	58
Boots	25
Bowaters	50
Brit Aerospace	55
Brit. Telecom	32
Burton Ord	35
Cadburys	22
Charter Cons.	40
Comm Union	30
Courtaulds	45
FNFC	30
Gen Accident	95
GEC	24
Glaxo	200
Grand Met	55
GUS 'A'	175
Guardian	90
GKN	30
Hanson Tst.	15
Hawker Sidd	50
ICI	125
Jaguar	52
Ladbroke	40
Legal & Gen	32
Lex Service	45
Lloyds Bank	50
Lucas Inds	62
Marks & Spencer	22
Midland Bk	55
Morgan Grenfell	35
NEI	12
Nat West Bk	65
P & O Dfd	65
Plessey	22
Polly Peck	28
Racal Elect	24
RHM	30
Rank Org Ord	70
Reed Intnl	45
STC	30
Sears	15
TI	34
TSB	10
Tesco	55
Thorn EMI	70
Trust Houses	24
Turner Newall	28
Unilever	300
Vickers	20
Wellcome	42
Property	
Brit Land	25
Land Securities	45
MEPC	42
Peachey	45
Oils	
Brit Petroleum	32
Britoil	32
Burmah Oil	45
Charterhall	6
Premier	11
Shell	110
Tricentrol	11
Ultramar	24
Mines	
Cons Gold	95
Lonrho	26
Rio T Zinc	90

A selection of Options traded is given on the London Stock Exchange Report Page.

FINANCIAL TIMES
Saturday August 1 1987

Moscow presents fresh N-arms plan

BY WILLIAM DULLFORCE IN GENEVA

THE SOVIET UNION yesterday tabled a draft treaty for 50 per cent cuts in US and Soviet strategic nuclear weapons, completing a trio of arms control proposals from Moscow within 10 days.

The draft presented at the Strategic Arms Reduction Talks (Start) in Geneva received a guarded welcome from Mr Ronald Lehman, chief US negotiator for that category of weapon.

It offered no concessions on the big outstanding issues, but by moving from general principles to specific texts, it would help work on compiling a treaty, he said. The US submitted its draft Start treaty on May 8.

By its recent barrage of proposals, the Soviet Union has stepped up pressure on the US to conclude substantive nuclear arms agreements before a Reagan-Gorbachev summit meeting later this year.

A major obstacle to implementing strategic arms reductions remains Soviet insistence, reiterated yesterday by Mr Alexei Obukhov, chief Soviet negotiator, that a prerequisite must be an agreement on space weapons that would stop the US deploying weapons in space under President Reagan's Strategic Defence Initiative (SDI).

However, both sides said yesterday that they were willing to go on negotiating a Start agreement. Mr Lehman commented that Moscow would eventualy have to decide whether it wanted a treaty (without a US commitment to halt SDI). He noted that the Soviets had earlier refused to abandon their right to retain 100 medium-range nuclear warheads in Asia.

Mr Mikhail Gorbachev dropped that claim when he accepted the US "global zero" proposal for eliminating all Intermediate-range Nuclear Forces (INF) worldwide last week. Officials on both sides in Geneva say an INF agreement is likely to be concluded before a Start treaty.

The second recent Soviet initiative was Wednesday's introduction of a draft agreement on space weapons, which was quickly rebuffed by Washington.

Moscow's Start draft is based on the agreement in principle reached by President Reagan and Mr Gorbachev in Reykjavik last October to reduce the total of intercontinental ballistic missiles (ICBMs) submarine launched ballistic missiles (SLBMs) and heavy bombers to 1,6000 on each side over five years.

Nuclear warheads on the remaining strategic delivery vehicles would be limited to 6,000 on each side. The Soviet Union has also agreed to cut its heavy ICBMs by half.

A key problem, not met in the latest Soviet draft, is the US demand for sub-limits within the overall ceilings on numbers of ballistic missile warheads, ICBM warheads and silo-based ICBMs.

Mr Obulkhov said this demand would force the Soviet Union to restructure its strategic force while the US could keep its structure unchanged.

Mr Lehman contended sub-limits were essential to prevent the Soviet Union keeping a large number of first-strike missiles while the US had to reduce the size of its nuclear deterrent.

Another serious obstacle is the Soviet proposal to limit the number of sea-launched cruise missiles with a range of over 600km to 400 on each side.

The US draft Start treaty ignores this issue. The Soviet proposal did not explain how to distinguish nuclear-warhead cruise missiles from those with conventional warheads, Mr Lehman complained.

Verification should not be a big problem for a Start treaty, Mr Obukhov said. The Soviet draft contained far-reaching measures, including provision for on-site inspection where necessary.

International Leisure pledges rival offer for BCal

By Michael Donne, Aerospace Correspondent

A RIVAL takeover offer for British Caledonian Airways will be made by Mr Harry Goodman, chairman of International Leisure Group, if BCal's proposed merger with British Airways is referred to the Monopolies and Mergers Commission.

Mr Goodman's commitment to make an offer was contained in a letter yesterday to Lord Young, Trade and Industry Secretary.

Lord Young expects a recommendation soon—possibly next week—from Sir Gordon Borrie, Director-General of Fair Trading, on whether the commission should investigate the merger.

Mr Goodman, whose group own Air Europe, said that if the merger was referred "we will make an offer for the whole of BCal at a value which reflects a premium over net asset value."

He added: "You can thus be assured that at least one British 'rescue' alternative exists which does not conflict with government competition policy."

There are bitter divisions in the air transport industry on the proposed BA-BCal merger. Many independent airlines, led by Air Europe, oppose it. They are pressing for a referral to the Monopolies Commission as the only means of thoroughly investigating all its ramifications—not only for the Government's competition policy, but also for airports policy and for safeguards against possible future anti-competitive behaviour by the enlarged BA.

BA is offering £237m for BCal. On the basis of BCal's net asset value of just over £97m in the accounts to October 31 last year, any offer from International Leisure would probably be about £120m.

Mr Goodman's letter to Lord Young says that his earlier proposal to buy BCal's short-haul routes for about £50m has been rejected by Lord King, BA chairman.

"This proposal was designed to be a constructive move in resolving much of the conflict posed by BA's offer for BCal with the Government's competition policy," Mr Goodman says.

"It has ben argued (erroneously in our opinion) that the financial position of BCal dictates that no referral should be made.

"Sir Adam Thomson (chairman of BCal) is reported to have said that if the merger is referred to the MMC he would reopen discussions with American and European suitors, implying that support is necessary."

Copies of the letter have been sent to Mrs Margaret Thatcher, Prime Minister, Mr Kenneth Clarke, the industry spokesman in the Commons, and Sir Gordon Borrie.

Yesterday, BA said notices were sent out this week to all BA shareholders calling an extraordinary meeting for August 14 at Central Hall, Westminster, to consider the details of the proposed offer for BCal.

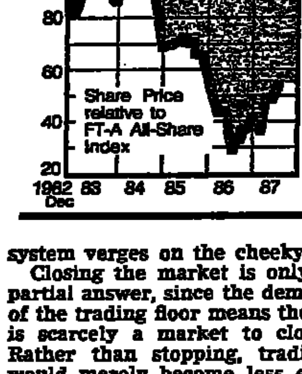
Next week, BA is expected to announce its results for the first quarter of this financial year, April-June, its first since privatisation. They are expected to show significant profits, stemming from the high volumes of traffic on all BA's routes, especially the north Atlantic, as a result of this year's tourist boom.

EC steps up attack on air cartels, Page 2

THE LEX COLUMN

Summertime blues

Index fell 9.8 to 1852.5



Bullish noises from the CBI notwithstanding, the equity market is rattled. The chief spectre is still the balance of payments deficit, with its attendant ghouls of sliding sterling and rising interest rates. Then again, it is not every day that a major London broker strides forth to call the turn on the seven-year world bull market, as Barclays de Zoete Wedd did this week with a circular arguing that other world markets have cracked already and that London is about to follow suit.

Though this is not a widely-accepted view, there is no doubt that the market expects a drab end to the summer. There is underlying unease about inflation in the hard-currency economies worldwide, with the feeling that Japan and Germany may have been induced to reflate—however modestly—at the wrong moment. More parochially, equities are still extraordinarily high relative to a jumpy gilt-edged market. Wood, Mackenzie reckons the yield ratio—long gilt yields divided by the yield on the All-Share—is now higher at 3.3 times than at its peak in 1972.

That is sustainable, though, if dividends keep rising fast enough in real terms. Dividend growth this year will be well into double figures, and the more cautious forecasts for next year suggest around 9 per cent, or 4 per cent real. A good round of figures and upbeat chairman's statements in the autumn results season could make all the difference.

Settlement

The row over Stock Exchange settlements has all the air of an issue being talked up as a crisis to stop it becoming one. But as long as the backlog of unsettled deals keeps rising — and despite flattening market volume it appears to be — the problem extends beyond equities to the otherwise innocent gilt market, through the threat to the money brokers who provide liquidity for both sides.

The finger of blame is being pointed in all sorts of directions, most of them wrong. Punishing market-makers by requiring higher collateral from them is unjust to the extent that they are merely satisfying demand from agency brokers. For brokers to blame companies whose registrars are swamped by the higher volumes generated by the new trading system verges on the cheeky.

Closing the market is only a partial answer, since the demise of the trading floor means there is scarcely a market to close. Rather than stopping, trading would merely become less efficient. In any case, the problem is one not of the market, but of individual firms which have spent so heavily on their front offices that they dare not hold back trading until the back office catches up. If necessary, the central authorities should make that process compulsory, however painful.

Beyond that, what is most needed is the imposition of proper discipline on the settling of bargains by the due date. The main reason why the gilt market has not had settlement problems despite increased volume is that it has a 24-hour settlement system and sticks to it.

Britoil

In its few years in the private sector Britoil has consistently managed to surprise the City, sometimes unpleasantly. This time the surprise is a pleasant one, since the interim post-tax profits of £74.5m were way above almost all outside forecasts. The point is that with 200,000 small shareholders, Britoil is much less willing than most companies to give preferential treatment to the select band of investment advisors in the square mile.

One problem for the market is that Britoil has consistently made money from oil trading, an activity which is completely impervious to rational forecasting. In the first half Britoil's oil trading team managed to conjure up over £6m, which indicates that the company was correctly bullish on oil prices throughout the period. That must have had unquantifiable beneficial effects on profits from equity oil sales, since Britoil would not have sold its own production too early, as some rivals have done.

Britoil's decision to sack almost 40 perc ent of its staff during the period of $10 oil is seen in the £10m reduction in "general corporate expenditure," but the size of the cut in the exploration bill was surprisingly large—down from £70m to £14m. Over the six months, about £140m net flowed into the company, in contrast to the first half of last year, when about £1m was pouring out every day. By the year-end Britoil should be almost free of net debt.

Although Britoil is perceived as the privatisation which left the public with a sour taste, it has provided a much better return than the same sum invested in a building society. The first-time small investor who took both offerings, at an average price of £2, has doubled his money, with dividends included. That compares with about a 40 per cent gain from leaving the money with the Halifax, which however would certainly not have caused the sleepless nights which come from investing in the oil sector.

At 345½p up 17p, Britoil is the only independent oil company which is at a discount to assets. That is largely because the Government retains the bid-blocking golden share, but it is hard to believe that that share will not have been redeemed before the end of the present parliament.

Takeover Panel

When the Takeover Panel is batling to re-establish its authority, if not fighting for its life, it does not help to have the executive overruled by the full panel. Nor is the panel's reputation enhanced when it once again opts to split the difference between two sides of an argument, as it has done in the Hogg Robinson case, by ruling that the former bidders cannot renew their offers for six rather than the usual 12 months. The circumstances certainly are unusual, but to justify this compromise the reasons, which the panel has promised to publish, had better be good.

Bundespost may lose telecoms monopoly

BY ANDREW FISHER IN FRANKFURT

A WEST GERMAN Government commission is expected to recommend next month that steps be taken to loosen the Bundespost's much criticised telecommunications monopoly, though these moves would stop short of full-scale deregulation.

The long-awaited report of the commission, set up two years ago, is due to be handed to Chancellor Helmut Kohl on September 16.

The postal trade union yesterday threatened industrial action against the proposals, which are expected to include splitting up the Bundespost's telecommunications and postal services, with both remaining in state hands.

The telecommunications monopoly would be held by a new operation, Telekom, to be run on business and not civil service lines, like the Bundesbahn, the federal railways. Other telecommunications services would be open to private competition. In addition, there wolld be no Telekom monopoly over the provision or maintenance of end-user equipment, whose prices would be deregulated.

During the commission's deliberations, the Government has indicated that it will accept the recommendations. Yesterday, the Postal Ministry in Bonn declined to comment on the likely content of the report ahead of its presentation to the Chancellor. However, Mr Kurt von Haaren, head of the postal union, said the expected proposals would amount to a "shattering" of the Bundespost and called them "anti-consumer and anti-employee."

Foreign equipment manufacturers, especially those in the US, have often complained about the difficulties of winning Bundespost orders. In talks with the Germans, the US Government has threatened to retaliate if the market is not made more open.

However, the commission's recommendations are unlikely to satisfy those who have been pushing for a full liberalisation of the German telecommunications market. The report is not, for instance, expected to support the creation of privately competing telecommunications networks. Only four of the commission's members are thought to have favoured such a move

With nearly 550,000 employees and annual turnover exceeding DM 50bn (£16.9bn), the Bundespost is the biggest service group in Western Europe. Critics, both within Germany and abroad, have often charged that it is slow on innovation and high on price.

Merger approach to Touche Remnant trust

BY NIKKI TAIT

TR PACIFIC Basin Investment Trust, one of the largest of the 10-strong stable of trusts run by Touche Remnant, the fund management group, and currently valued at £280m, yesterday revealed that it is on the receiving end of unitisation proposals from Thornton Pacific Investment Fund. Thornton is a much smaller, Luxembourg-based investment vehicle headed by Mr Richard Thornton.

TR is Britain's largest investment trust group. Mr Thornton—a co-founder of GT, the quoted fund management house, who subsequently worked for J. Rothschild Holdings before buying out his own company—said last night that he had approached TR with a unitisation scheme on Thursday.

The attack on the TR trust comes at a time when the fund management group is undergoing a number of internal management upheavals.

There had been reports of unease among management following an announcement last year by Lord Remnant, the chairman, that a takeover by Metropolitan Life, the US insurance giant, was being discussed. In the event, the deal fell through with the two sides unable to agree on price.

TR's investment trusts have also been the subject of other bid rumours recently — in particular, Mr Robert Maxwell is believed to have considered raising funds via a bid for the £800m TR Industrial & General trust. However, he chose a conventional rights issue path

Under unitisation schemes, the traditional discount between the share price of an investment trust and the underlying net asset backing of shares is eliminated. Mr Thornton envisages an amalgamation of the £72m offshore open-ended company—which like a unit trust, trades at net asset value — with the £280m Pacific Basin fund. Management would switch to Thornton Pacific and shareholders receive shares and warrants in Thornton Pacific.

TR met to discuss Mr Thornton's idea yesterday morning but said it was not possible to carry out the necessary evaluation within 24 hours as requested. Accordingly, Mr Thornton plans to put alternative proposals designed to produce a similar result directly to the trust's shareholders. They should be published next week.

The TR Pacifx Fund at present holds about half its assets in Japan. The smaller Thornton fund, on the other hand, has only 20 per cent there, with the bulk of its money in Hong Kong and other Far Eastern markets.

Yesterday TR pointed to the long-term record of the fund, claiming that its share price had risen five-fold in five years. Mr Thornton, however, maintains that on a one-year and six-month basis, his fund's performance has easily outstripped TR's.

With shares in TR Pacific up 5p to 253p yesterday, the current discountt o net asset value is about 16 per cent.

Royal Ordnance in three-year pay deal

BY PHILIP BASSETT, LABOUR EDITOR

EMPLOYEES in Royal Ordnance factories have voted overwhelmingly in favour of a 13.5 per cent. three-year pay deal. The agreement is the first covering wages since the factories were sold to British Aerospace.

The deal applies to 12,000 manual employees and is thought to be the highest three-year settlement reached since the recent re-emergence of longer-term agreements.

The six unions representing Ordnanace employees, who principally manufacture weapons, believe the agreement is particularly significant because it contains an inflation-linked pay guarantee and preserves national pay bargaining at a time when the Government is pressing for more decentralisation of pay arrangements.

Basic rates at the 12 Ordnanace factories will rise by 4.75 per cent from July 1 by 4 per cent in July next year and by 4.25 per cent in July 1989. Basic rates for a craftsman, for example, will rise from £124.56 a week now to £130.48, then to £135.70 and finally to £141.47.

The inflation-linked arrangement is an unusual feature in long-term deals. It means that if the percentage increase in the retail price index in June 1988 is greater than the percentage wage rise granted in July 1987, three-quarters of the difference will be added to the 1988 increase. A similar provision will cover the July 1989 rise. No clawback penalties will apply if annual inflation rates are less than the general agreed increase.

Another significant aspect of the deal is that it followed union negotiators' acceptance of pressure from the company for a longer-term arrangement because of possible bargaining difficulties following the Conservative election victory.

In a ballot which closed on Thursday, the employees accepted the settlement by about 10—1.

Mr Jack Dromey, secretary of the trade union side, said the unions had "prevented what we knew was planned—the break-up of the national bargaining machinery, with each factory then having to fend for itself with factories and members being picked off one by one."

The deal also provides for negotiations in September on bonus arrangements and on a reduction in the factories' basic 39-hour week.

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

British Land	347½	+ 13
Britoil	345½	+ 17
CPU Computers	78	+ 6
Cannon St Invs	413	+ 17
Cons Gold Fields	£14 7/16	+ ¼
Costain	378	+ 15
Cresta Hldgs	237	+ 17
IBL	78	+ 5
Learm'th & Burchett	248	+ 25
RTZ	£13 15/32	+ ½
Storehouse	382	+ 18
Ward Hldgs	855	+ 26
Wiggins	313	+ 19

FALLS

Treas 13¼pc '04-'08	£130 5/16	− 1¼
Exch 12pc '13-'17	£123½	− 1 5/16
Beecham	551	− 8
Downiebrae	225	− 18
Electronic Machine	190	− 20
TI Group	401	− 14

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	24	75	Dallas†	F	25	77	Madeira	F	22	72	Prague	C	16	61
Algiers	S	29	84	Dublin	F	21	70	Madrid	S	24	75	Rykjvk	C	11	52
Amsdm	C	17	63	Dbrvnk	S	28	82	Majorca	F	26	79	Rhodes	S	29	84
Athens	S	30	86	Ednbgh	R	16	61	Malaga	C	27	81	Rio J'o		—	—
Bahrain	S	39	102	Faro	S	27	81	Malta	F	31	88	Rome	C	27	81
Barcina	S	25	77	Florence	C	23	73	M'chstr	R	17	63	Salzbrg	C	15	59
Belfast	C	17	63	Frankft	C	18	64	Melbne	S	12	54	S'cisco†	F	12	54
Belgrd	S	28	82	Geneva	S	23	73	Mx C		—	—	Seoul	C	26	79
Berlin	C	17	63	Gibrltr	S	24	75	Miami†	S	27	81	Singapr	F	31	88
Biarritz	F	21	70	Gl'sg'w	R	17	63	Milan	S	24	75	S'tiago		—	—
Bmghm	C	21	70	G'rnsey	F	19	66	Montrl†	S	15	59	Stckhm	C	15	59
Blackpl	C	16	61	Helsinki	C	17	63	Moscow	C	20	68	Strasbg	F	21	70
B Aires		—	—	H Kong	F	30	86	Munich		—	—	Sydney	S	20	68
Bombay	F	31	88	Innsbrk	C	18	64	Nairobi	C	24	75	Tangier	S	28	82
Bordx	F	21	70	Invrnss	C	17	63	Naples	S	17	63	Tel Aviv	C	30	86
Boulgn		—	—	IoMan	C	16	61	Nassau		—	—	Tenerife	S	25	77
Bristol	S	20	68	Istanbul	S	28	82	Nwcstl	C	19	66	Tokyo	T	32	90
Brussels	Dr	16	61	Jersey	C	20	68	N Delhi	C	36	97	T'ronto†	F	17	63
Budpst		—	—	Jo'burg	S	19	66	N York†	C	22	72	Tunis	C	28	82
Cairo	S	32	90	Leeds	S	21	70	Nice	F	26	79	Valencia	S	26	79
Cardiff	C	20	68	L Plms	C	24	75	Nicosia	S	30	86	Venice	S	24	75
Cape T	S	17	63	Lisbon	S	30	86	Oporto	S	27	81	Vienna	F	20	68
Chicg†	F	23	73	Locarno	C	28	82	Oslo	R	16	61	Warsaw	R	17	63
Cologne	C	16	61	London	C	23	73	Paris	Dr	16	61	Wshgtn	S	24	75
Cophgn	C	15	59	L Ang†	F	16	61	Peking		—	—	Wellgtn	F	10	50
Corfu	S	28	82	Luxmbg	C	15	59	Perth	F	13	55	Zurich	F	20	68

C—Cloudy. Dr—Drizzle. F—Fair. R—Rain. S—Sunny. T—Thunder.
† Noon GMT temperatures.

Spycatcher action Continued from Page 1

officer in Scotland, appeared to accept that the House of Lords ruling did not bind Scottish newspapers. But he also circulated a copy of the Lords' ruling to newspaper editors with a warning.

Lord Cameron said: "In the event of threatened or actual publication of any material which, if it were published in England would be in breach of the order referred to, the Lord Advocate will immediately apply to the Court of Session for an interdict to prevent publication."

Any appeal from such a process would end up in the House of Lords.

Reuters, the London-based international news and information group, yesterday stopped sending, after legal advice, full coverage of the Australian court case to its British subscribers. The rest of the world will continue to get full coverage.

The news agency's British subscribers will be told at the top of their stories they are incomplete because of legal action in Britain.

Reuters said this was how "incomplete" stories from South Africa or Chile were treated.

The news agency said its general policy was to respect the law of all the countries where it operated even when these included "farcical restrictions on freedom of the press." Lord Denning, the former Master of the Rolls, yesterday added his voice to those criticising the Law Lords' ruling.

The Wright information was in the public domain and it should be permissible to print extracts from Spycatcher. The widening of the original injunction to cover references to Mr Wright's allegations made during the Australian court proceedings was quite wrong, he said.

TSB Hogg bid barred Continued from Page 1

ested in acquiring the travel, estate agency and transport side only.

The six month ban also applies to any bid by Dewey Warren, a reinsurance broker which had agreed to buy the Hogg Robinson and Gardner Mountain businesses if the TSB's bid was successful. The panel said it further extended to any other party which had acted in concert with TSB or Dewey Warren, which is an investment vehicle for Mr Robert Holmes a Court, the Australian financier.

Under rule 35 of the Takeover Code, however, the panel could consent to a bid if it was agreed by the board of either Hogg Robinson company, or if there was a new bid from a third party.

Yesterday's ruling broke new ground in interpretation of the rule, which had never been tested before in a demerger situation. In particular, the panel is thought never to have previously imposed a six-month moratorium.

Generally, rule 35 provides for a 12-month delay before a predator company can bid again for a company if its first offer has failed. Lazard Brothers and the TSB argued this week that the rule could not be applied at all because the demerger of Hogg Robinson had created two entirely new corporate entities.

However, the panel said last night that the TSB-Hogg circumstances were "most unusual." Hogg Robinson and Gardner Mountain's shares closed down 6p at 234p. Hogg Robinson gained 15p to 383p and TSB was down 1.5p at 89.5p.

WEEKEND FT

Saturday August 1 / Sunday August 2 1987

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

How people power saved sleazy Soho

Once home to the vice barons, now an old village is being cleansed, says Antony Thorncroft

KATIE KING, who looks after residential properties for estate agents Bradleys & Eckhardt, gestures helplessly towards the files of hundreds of seekers after accommodation. "I never have more than four or five flats to sell at any one time. I don't bother sending out lists. I just phone up a potential buyer and tell them to go straight to the property with the cash in their hands."

This most desirable part of London, where prices have in most cases doubled in the past year, is not Docklands, nor Kensington, nor Clapham, but Soho. Since its beginnings in the late 17th century Soho has been home to wave after wave of immigrants, starting with the Huguenots and followed by Italians, Poles, Jews and, in the early 1970s, the Chinese. Now Soho must try to absorb its most threatening influx of newcomers — the rich, prepared to pay £160,000 for a one-bedroom flat.

Suddenly Soho is very smart indeed. Its charms — its situation in the heart of London; its village atmosphere; its protected architecture with many an 18th century facade; its delicatessens and restaurants; its characters and cosmopolitanism — have been long appreciated, but by fleeting visitors. As a place to live it seemed to have irredeemable drawbacks, in particular slum properties and the preponderance of what is known locally as the Vice.

The two went hand in hand. Building after building was in the hands of mysterious offshore companies which could sometimes be traced back to Maltese ownership. Soho was contaminated by the Vice; by the early 1970s the situation seemed to be deteriorating rapidly, with long-established shops and restaurants being forced out of business to be replaced by a peep show, a pornographic book shop, or a topless bar. The long established Soho community was under threat. Families moved out. Properties, and their value, crumbled.

Soho was saved by its own people. The population had dropped from over 30,000 — before the Second World War — to fewer than 5,000, but this remnant were diehards. Most worked in the area, as waiters, tailors, or craftsmen in the hundreds of small workshops that give the neighbourhood much of its spirit. Often the families had been there for generations. Once offered a lead, the response was unanimous. A Soho Society was formed, to fight the Vice and the major redevelopment schemes which threatened to destroy the distinctive square mile bounded by Oxford Street, Regent Street, Leicester Square and Charing Cross Road. Belatedly, Westminster City Council responded to local pressure.

First attempts to control the Vice, in 1981, failed. Exploiting every loophole, owners of Soho sex establishments either bogged down the Council in protracted court cases, or confused it with myriad changes of ownership of premises, or subtly altered the uses of their establishments.

Finally, on the advice of Lord Whitelaw, Westminster Council went for a system of licences. It agreed, at a price of £13,000 a year, to approve 12 establishments in the borough for use by the sex industry. So far it has granted five licences in Soho and is in no hurry to approve any more. A decade ago there were 185 buildings in Soho obviously controlled by the Vice, which in its turn was thought to be divided up into six organisations. Now there are fewer than 40 — and these face continual harassment until they are finally exorcised.

Of course the Vice has not given up without a struggle. The profits from a sex establishment have been estimated at £1m a year. Ingenious new uses have been created, like lingerie showrooms where, in theory, prospective buyers can have the garments modelled for them. But if the Westminster Council inspectors think there is a sexual element in the display then the premises can be closed down. The ultimate response of the Vice is to publicise an erotic presentation — but offer a very tame experience. So "bed shows" consist of a clothed couple in intense conversation. Here the Council swoops — under the consumer protection and trade descriptions legislation — although it is often difficult to get a disillusioned customer to make an official complaint.

The main factor holding back the complete cleansing of Soho is no longer absence of legal powers but the sheer impossibility of storing all the impedimenta of raided establishments while their cases come to court. There is also the problem of finding the right people to prosecute: within 24 hours a shop can reopen under different management, offering a slightly different entertainment.

But the tide has turned. There are still murky areas around Brewer Street, but whole swathes of Soho have been reclaimed for polite society. To a great extent the Vice has taken its defeat philosophically, and moved on to Paddington. Scotland Yard has actually disbanded its "Vice Squad" and switched the saved personnel to the Paddington area. Soho is now patrolled by nine policemen on the beat, and recorded crime has gone down in the district for two successive years, a contrast to the rest of London.

As well as decamping elsewhere, the Vice has started to cash in on the new Soho. It has realised that it can make sizeable profits from the sudden appreciation of the properties it owns. By letting the basement to a respectable club, the ground floor to an up-market restaurant, and the floors above as company flats, some of the vice barons have converted to legitimate businessmen. In their rush towards respectability they have chased out the "models," who often occupied the festering flats, by threats of violence and such devices as changed locks. The balance in Soho has tilted back towards legitimate commerce. Indeed, there are fears that Soho could become a second Covent Garden (London's former fruit and vegetable market — now gentrified), a prospect that horrifies the Soho community.

Obviously the closeness of Covent Garden has played a part in the regeneration of Soho, exporting its surplus advertising agencies and fashion shops, clubs and hairdressing salons. Soho has recaptured its inter-war louche smartness, with clubs like Groucho's and Moscow, brasseries like the Soho and Braganza, top-flight restaurants like Alistair Little's and La Bastide, and at least a dozen new fashion boutiques.

The insidious impact of the rich immigrants is everywhere. While talking to Dorothy Donaldson-Hudson, who, with Bryan Burrough, helped lead the community fight against the Vice, the phone rings. It is a tailor who for decades has occupied a small workshop in Meard Street. He has been offered money — the usual rate is between £10,000 and £15,000 — to quit his premises. He is told to say "no" and sit tight. Soho is dominated by rented tenancies. Those living in council property, or properties controlled by the forceful Soho Housing Association, are safe; those paying rent to private landlords are under considerable threat as the properties are sold over their heads.

Meard Street symbolises the current crisis in Soho. It is a short pedestrian cut-through between Wardour Street and Dean Street. On one side is the finest row of early 18th century houses in Soho. For many years they had been occupied by small workshops and prostitutes and had been in steady decline. They have now changed hands five times in a couple of years, the price of a house leaping from under £100,000 to approaching £500,000. Today, estate agents' boards hide most of the houses, and the remaining tenants are under great pressure. To some of the aged Italian and Spanish residents a sum of £15,000 will be enough to go back home and retire. To many more it is a chimera, which dumps them into equally poor accommodation in a distant and alien part of London.

Fortunately the community spirit is so strong in Soho that a telephone call to the Soho Society, the Soho Housing

Association, or the local councillors, Dr David Avery and Mrs Lois Peltz, brings instant advice. Dr Avery tells of a threatened old lady who had her electricity cut off and demolition men knocking her home from under her, who was rescued in the nick of time, by a court order. The property developer was forced to rehouse her instantly, and pay £40,000 compensation for the anguish he had caused her.

Probably Meard Street will be lost to the old residents of Soho. Its houses are too historically precious; the cost of restoring them to the standards demanded by English Heritage, which has been called in to safeguard their future, is outside the budget of any but the rich. They will become a middle class ghetto.

Soho is unsuitable for massive redevelopment—too many protected buildings; too many individual landlords—so the fight for regeneration is like a hand-to hand conflict, with the Soho Housing Association winning some battles, the developers others. But even the developers are keen to maintain the atmosphere of Soho.

The biggest landlord in Soho today is Paul Raymond, who opened his Revuebar almost 30 years ago. He has witnessed the changes in the area with a jaundiced eye. He believes the nostalgia for the old Soho of the 1940s and 1950s is romantic eyewash: those were the days of gang wars and shoot-outs in the streets. He welcomes the clean-up of the last couple of years, but would like it to extend to rubbish collection—the main drawback to living in Soho today. He owns properties worth £40m, and has just bought three more houses. Two were peep shows: they will re-open as a restaurant and a shop, with the premises above given over to company flats.

Like some other residents Paul Raymond approves of the arrival of the affluent in Soho. The shortage of available property will prevent them taking over completely, and they act as a balance to the rented accommodation.

Soho can probably absorb the limited number of residential newcomers who can squeeze into the square mile, but there is suddenly a much greater threat to its enviable homogenity. Just before Parliament was dissolved for the General Election, Nicholas Ridley, the Secretary of State for the Environment, approved the "change of use" proposals which enable light industrial premises to be converted by landlords into offices. This threatens Soho at its heart. Many of the small workshops were forced out by the Vice, but hundreds still remain. This is the area where the Saville Row tailors obtain their garments, one man running up the trousers while another handles the jacket. This is where the Bond Street jewellers have their craftsmen working in gold and precious stones. Here is the shop that supplies the ostrich feather headdresses for the Parisian show girls, and the providers of gold lace for many a tinpot dictator's uniform. The man who makes tea-pot handles works alongside the Italian pasta maker.

These craftsmen, often operating on short leases, and sometimes renting by the month, could now be squeezed out by landlords who see the prospect of rents rising from about £8 a square foot for light industrial use to £20 a square foot, or more, paid by advertising agencies, PR firms and film producers for office accommodation. Soho is fighting the changes, along with the tailors of Savile Row who face a similar explosion in rent demands. Although the impact will proceed slowly as leases fall in, the final transformation could be profound.

Once again Soho will probably be saved because its activities are on such a small scale. Offices, in particular firms involved in the media, record companies, and publishers, are moving into Soho, but if they are successful they must soon move out again into larger premises. Soho is a strange mixture of entrenched residents and the transient.

Westminster City Council, too, seems finally to have appreciated its charm. It is currently revising its long-term plan for the area. There will be more pedestrian precincts—in Argyll Street and Newport Place—added onto the successful developments in Carnaby Street and Gerrard Street, the heart of Chinatown, now—incongruously but successfully—enhanced by the installation of three Chinese triumphal gates. (There are hopes of a pagoda in Newport Place.)

There is a danger that Soho could become too "twee." Along with pedestrian precincts, hanging flowerpots, and floodlighting, there is a proposal to design an artistic stall for the traders in the flourishing markets in Berwick Street and Rupert Street to replace some of the modern horrors.

Apart from the attentions of the rich, and the threat to small industries in the square mile, there is one other anxiety in the delicate balance of Soho life—the Chinese community. Just over a decade ago there were—officially—six Chinese residents in Soho. No one knows how many live there now, cramped into rooms above the restaurants that crowd the streets between Shaftesbury Avenue and Leicester Square.

The Chinese have adapted successfully to Soho life and, being inward-looking, cause little trouble either to the police or to their longer established neighbours. But their very prosperity is pushing them northwards above the Shaftesbury Avenue demarcation line.

At present Soho is a success story. Its school, always the touchstone of the health of a community, is crammed to overflowing. Its established population is just about surviving the financial blandishments of developers, thanks to the strong community links forged over decades. Soho does not want to become too refined.

Above all, Soho does not want to be transmogrified into an extension of Covent Garden. It welcomes new shops, new restaurants, new businesses, new residents, as long as they contribute to the cosmopolitan "live and let live" ethos. At the moment the main problem for the heroes of the Soho Society is where to find premises large enough to hold the next Soho dance, the regular—and over-popular—social evening for the privileged inhabitants of London's most genuine and entrenched village.

The Long View

Hark to the roaring of the mice

Takeovers by small companies of bigger ones is an expected phenomenon in the advanced stages of a big bull market, writes Barry Riley, but there is a price to pay for over-ambition

I KNOW it is supposed to be the silly season in the press, but when an obscure company like FKI Electricals makes an apparently serious proposal to take over Babcock, one of Britain's leading engineering companies, which is several times its size, you have to take notice that strange things are happening in today's financial markets.

It was only a week or two ago, after all, that another anonymously initialled tiddler called WPP succeeded in carrying off one of the world's most famous advertising agencies, J. Walter Thompson, again a multiple of the size of the bidder.

With Valor fixing up a deal to buy the American-owned Yale locks company, in the past few weeks it has sometimes seemed that unassuming British companies have been handed blank cheque books by generous benefactors in order to prowl the US corporate sector for take-over victims, size being no problem.

Another clue: this year's top performing unit trusts have names like Manulife UK Smaller Companies and Govett Exempt Small Companies. Those once-glamorous Japanese funds have been left trailing far behind.

Yes, this is the time of the cultivation of the small company. It is a not unfamiliar phenomenon in the advanced stages of a bull market, when investors are motivated to look harder for unexploited value; but so far in 1987 the effect has been particularly extreme.

The leading broking firm Hoare Govett tracks the progress of the smaller companies sector through an index which, when rebased at the start of the year, included 1,200 fully-listed companies. These comprised the bottom 10 per cent of the UK equity market in terms of market capitalisation.

Such is the comparatively large size of the top companies that the small company sample at that time represented 77 per cent of all the companies listed in the UK. These "small" companies ranged up to a market capitalisation of £108m—which would probably be more like £150-160m at today's much higher share prices.

Incidentally, these 1,200 do not include the 360 or so mostly even smaller companies whose stocks are traded on the USM.

What the HG Smaller Companies Index shows is an extra total return (including reinvested dividend income) of an amazing 16 per cent compared with the All-Share Index (which is dominated by big company stocks) for the first six months of the year.

There is respectable academic evidence to show that in the long term small company stocks tend to outperform by 5 or 6 per cent a year, perhaps because small companies are more dynamic, or perhaps also because they tend to get taken over at a premium by big companies (some 25 per cent of the corresponding 1982 small company group have since been taken over).

But a 16 per cent extra return in half a year is clearly extraordinary, and we seem to have a weight of money effect operating. This is particularly powerful when the markets are thin, as they usually are in small company shares, almost by definition.

There are three stages to a stock market fashion: first the loyal specialist funds start to perform well—funds like Throgmorton Trust that have been faithful to small companies year in and year out; next the more aggressive fund management houses launch new specifically targeted unit trusts to catch the trend and the smarter private investors jump on the bandwagon too.

Finally the sleepier pension funds and insurance companies realise they are underperforming—in this case, because they have had too many big company stocks in their portfolios—and decide to appoint a specialist to follow small companies.

By this time ratings of the more fashionable companies are out of sight, and they have a credibility they never had in normal times. The investment bankers take note, and start setting up deals.

Whenever there is a shortage of a particular kind of share it is natural for the creative minds of the City to be put to work devising ways of improving the supply. Big takeover bids also have the attraction that they generate very large fees for corporate finance departments.

It is also worth noting that transatlantic Concordes are packed with New York investment bankers, their briefcases bulging with details of American companies for sale. And while most big British companies have burnt their fingers on past US acquisitions, and are hard to persuade to have another go, the smaller UK companies represent a much more fertile opportunity. Of course, their paper is not acceptable in the US, but the eager British institutions can be persuaded to underwrite share issues to finance cash offers.

Not only is this a quick and easy way for them to gain exposure to the small company sector, by short-circuiting the tedious procedure of building up holdings slowly in nominal markets; it also soothes a nagging guilt feeling among British investment managers that they do not give enough support to successful company managements, or enjoy a close enough relationship with them.

So we have had a whole series of such deals, most recently the bid by Tyndall Holdings for Clayton Robard of Australia, a case of a £100m company buying a £200m one.

But now there are ominous signs of cracks appearing. WPP's share price has been weak in the aftermath of its successful Madison Avenue coup. And there has been similar pressure on the share price of FKI, where it seems that institutional shareholders who bought into FKI under the impression that they were backing a dynamic young engineering group are upset to find themselves being reversed into the dull giant Babcock.

The income funds invested in Babcock will now have to sell because their income will drop. And the small company funds that were suporting FKI will also have to switch out because FKI will no longer fit their criteria.

There is, I suppose, a moral to this tale. It is that a truly terrible and irreversible fate lies in wait for the more successful and aggressive small companies.

They turn into big companies.

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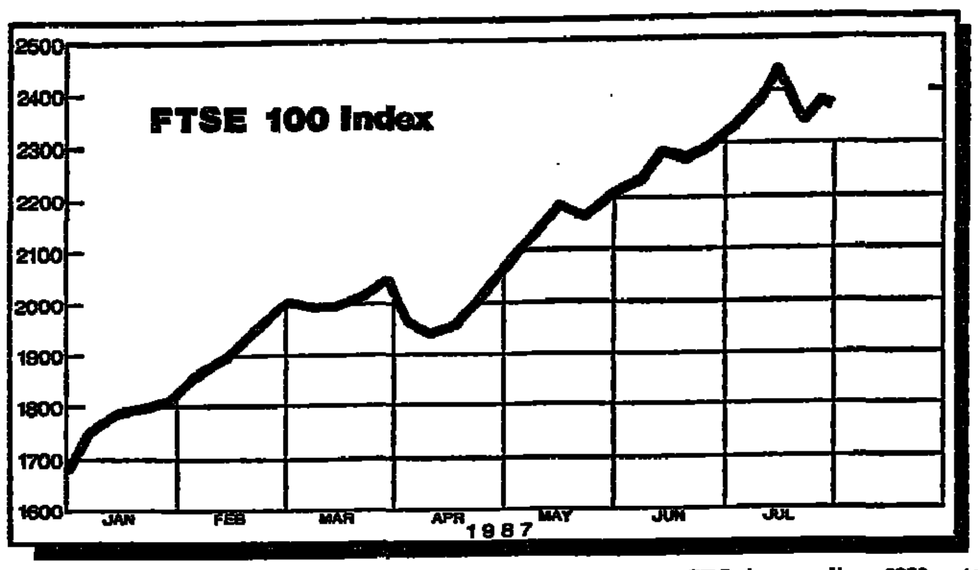
Too hot for safety



THE WEATHER may have been its usual appalling *summer self this week, but the* London markets have nevertheless been obsessed by overheating and very nervous it has made them.

Economic overheating is the main concern: that surging bank lending, May's large current account deficit and booming retail sales could lead to capacity restraints, a flood of imports, a sharp rise in inflation and upward pressure on interest rates.

This week has also seen mounting anxiety over the overheating of the security houses' back-room settlement systems, which have proved incapable of coping with the flood of post-Big Bang business and now have huge backlogs of unfinished share transactions.

A combination of these factors set a gloomy tone and on Monday the gilts market extended the previous week's slump, falling to its lowest level since February. Where gilts led, equities followed.

An upbeat forecast from the CBI — to the effect that fears over inflation and the trade balance were overdone—helped stabilise the markets in mid-week, but downward pressures then reasserted themselves: the bond market is likely to remain unsettled until the June trade figures are announced on August 11 which will show whether May's shocker was an aberration. And brokers' analysts see little or no short-term upward momentum in equities, which are looking expensive again alongside gilts.

Peter Thompson, of Barclays de Zoete Wedd, yesterday went so far as to argue that the end of the bull market was in sight.

Even a succession of good results—notably from Imperial Chemical Industries—failed to enthuse the market. ICI produced figures well above expectations, with interim pre-tax profits of £691m, up 46 per cent, and there was further relief for the City when rumours of a rights issue proved wrong.

Meanwhile, the reporting season of the four big clearing banks was rounded off with in-

London

terim results from National Westminster and Barclays. In common with Lloyds and Midland, they made greatly increased provisions for their exposure to Third World debt.

Even so, NatWest surprised the market with excellent figures, far ahead of expectations, which underlined its position as one of the world's most profitable banks. Operating profits increased 24 per cent to a record £815m, though after taking £564m of debt provisions above the line the pre-tax figure was cut to £251m.

Like the other three, the main factor behind its profits growth was domestic banking, where rising loan demand and the net addition of 160,000 new current accounts helped produce a 71 per cent improvement. Admittedly, the figure was boosted by a £50m profit on gilt-edged portfolio dealing, but even stripped of that the increase looked good.

Set alongside this, and 50 per cent domestic banking gains by Midland and Lloyds, Barclays looked a trifle pedestrian when it unveiled a 28 per cent increase. Matters were not helped when it admitted it had no idea why the proportion of its funding from current accounts had fallen, while its rivals were enjoying a rise. Barclays charged £570m of provisions against Third World debt against profits, which tipped it into pre-tax losses of £40m for the six months.

Nevertheless, in one important area—investment banking—it showed the edge on its rivals, with Barclays de Zoete Wedd making £25m, a return on capital of about 20 per cent. The profits were up about 25 per cent on the interim stage last year, despite the heavy costs of Big Bang.

Cynics would doubtless say that, as one of the leading UK market makers, it would be hard for BZW not to make hefty inventory profits out of this year's remarkable bull market.

Even so, in this area it is well ahead of NatWest, which barely broke even on its investment banking side, while Lloyds lost heavily on its gilts and Eurobond operations (now abandoned) and Midland, which has done well in corporate finance, suffered losses in the now defunct equity market-making side of deeply troubled Greenwell Montagu.

The season leaves in its wake a rumbling controversy over Midland's decision, alone among the big four, to take its Third World provisions below the line, keeping the pre-tax figure in the black to the tune of £251m — coincidentally, precisely the same result NatWest achieved after its provisions—while both Lloyds and Barclays went into the red.

It also leaves the impression that the strongest of the four —NatWest and Barclays—may be at an excessive discount to the market, given the continued strong growth in the domestic banking business expected for the next two years.

Brokers are forecasting profits of about £950m from NatWest this year, rising to around £1.45bn in 1988, with Barclays rising from about £550m towards £1.3bn. This puts the former on a prospective 1988 p/e of just 6 and the latter on a mere 5.5.

Nevertheless, Third World debt still hangs heavy over the sector. The current somewhat arbitrary norm for provisions is 30 per cent of exposure, which analysts seem to think is reasonable for now, but that view would change if the Latin American repayment profile took a turn for the worse next year.

The remarkable spate of acquisitions in North America by British industrial groups continued apace this week, with two big deals by General Electric and one by Thorn EMI.

Thorn is paying £371m to buy Rent-A-Center, one of the three leading electronic rental companies in the US. The deal marks the end of its painful rationalisation over the past few years and is an important test of the new management's ability to make the business grow.

The market's initial reaction was a flutter of unease; it has not forgotten Thorn's expensive acquisition mistakes in the past and the group is paying a very high multiple for the business (albeit one reduced by offsetting US tax losses). Against that, however, it is gaining a powerful position in a US market ripe for rationalisation and one in which it has acknowledged expertise.

GEC is spending $250m to buy Gilbarco, the leading US petrol pump manufacturer, which will consolidate the group's position in the world service station equipment market. And it announced yesterday that it is strengthening its avionics division through the $205m purchase of Lear Siegler's advanced flight control systems business.

These bring to six the number of deals announced by GEC over the past four months. This sudden burst of dynamism is starting to redress its image as a giant, since it lost its energy and direction, sitting atop its notorious cash pile (£1.8bn in March). The deals are not in themselves dramatic, being logical add-ons to existing businesses. But they are steps in the right direction and have left the market wondering whether a blockbuster bid from Lord Weinstock may not be in the pipeline.

Martin Dickson

Year of the bids galore

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1987 high	1987 low	
F.T. Ordinary Index	1,852.5	+ 7.5	1,926.2	1,320.2	Interest rate worries return
Amari	227	+13	234½	118	Suter reveals 13.9 per cent stake
BOC	539	+17	559	370	Sale of carbon graphic business
Barclays	613	−27	655	484	Half-year figures
Bipel	93	+23	93½	37½	Bid from CI Group
British Dredging	237	+19½	240	86	Newsletter comment
Cable & Wireless	420	+20	435	323	BZW recommendation
Consolidated Gold Fields	£14⅞	+ 1⅛	£14⅞	668	Rise in precious metal prices
GKN	431	+45	431	272	BTR bid hopes
Harris Queensway	210	−19	255	186	Departure of Mr Peter Carr
Hawker Siddeley	610	+26	630	446	US avionics acquisition
ICI	£15¾	+ ¼	£15¾	£10¾	Good half-year results
Laidlaw	190	−24	295	83	Agreed bid from Goode Durrant
Lonrho	306	+22	307	223	Brokers' circulars/Platinum price
NatWest Bank	740	−15	794	536	Half-year figures
Smith (David S.)	485	+47½	485	248	Bumper full-year profits
Storehouse	382	+57	382	269	Break-up bid talk persists
Thorn EMI	713	−45	830	468	Rent-A-Center acquisition
Ultramar	319	+26	320	162	Stake-building speculation
Unigate	380	−34	443	319	Brokers downgrade profit forecasts

ARTER THE massive bid battles for Distillers, Imperial and Pilkington, contested bids have dropped out of the limelight over the past six months. But with less hullabaloo, a stream of agreed mergers have been announced this year and the USM has been as involved as the main market in takeover activity.

Figures from County Nat West show that in the first six months of 1987 around 35 USM companies had been acquired or were in the process of being acquired. That compares with only 50 takeovers in the rest of the USM's seven-year existence.

The City's scandals have obviously had an effect on reducing the number of contested takeovers, as has the increasing hard-headedness of institutions, who are demanding hefty premiums for their stakes. Predators seem to be taking the view that if they are going to pay a fancy price for their acquisitions they might as well carry the target's board with them to avoid an acrimonious row.

Despite the stock market's wobbles of the past two weeks, ratings are at all-time highs, making acquisitions attractive both for predators, whose paper is currently valuable, and for targets, who may perceive the chance to sell out at the top of the market. Add in the fact that after years of profits growth many companies are cash-positive, and the current spate of agreed bids is hardly surprising.

USM companies are not alawys passive partners in such deals. In February E. T. Sutherland, the canned foods and chilled meats producers, took over fully-listed pork butcher Home Farm Products, *and two weeks later* Randsworth Trust repeated the trick by buying property company London and Provincial Shop Centres.

The more usual arrangement, however, has been for the main market group to absorb the USM company, and this was the pattern in two major deals this week. For Bipel, the West Midland engineering group, the agreed offer from CI came only a year after it joined the market and only six years since the management bought itself out of Turner & Newall.

According to managing director Albert Hargreaves, who became one of the select band of USM millionaires when the com-

Junior Markets

pany was floated, the bid was one of a number of approaches he had received. "We've known the management of CI for some time and we have similar outlooks," he says.

Certainly shareholders in Bipel had reason to be pleased. The bid valued the group at £18.3m, compared with a capitalisation of £7.5m when it joined the market.

Laidlaw Group also vastly increased its capitalisation in the nearly four years it was on the second market. This week's agreed bid from Goode Durrant valued the group at £26m compared with its total £3.84m tag.

Laidlaw's senior management and Noble Grossart Investments, who between them held 58 per cent of the equity, immediately agreed to accept the deal. The offer for Bipel was also wrapped up when Hargreaves and fellow directors owning 57 per cent recommended the terms.

Both deals illustrate that USM companies, which are younger and which tend to place a smaller proportion of their equity in public hands, are easier targets for recommended offers. The board frequently controls a majority of the equity and may, given the ephemeral nature of "paper millions," be only too willing to realise part of their holdings or to transfer them into more liquid, fully-listed stock.

Meanwhile, a footnotes to the recent articles on Third Market companies and the BES. On Thursday, Publishing Holdings announced the takeover of Investors Newsletters, a BES company. Perhaps it was fitting that the publishers of the BES Newsletter should be one of the first to face the tax problems of a BES takeover.

The solution was startlingly simple: the shares, originally offered at 15p, are being bought by Publishing for 38.5p, more than compensating even 60 per cent taxpayers for the loss of their relief. However, the Publishing deal is not necessarily a blueprint for future offers. Other bidders may baulk at paying such a premium for a BES company when cheaper targets are available elsewhere.

More BES buyout announcements are expected this week, and it may soon be possible to start forming a view on whether buying shares via the scheme, which was established in 1983 to encourage investment in unquoted companies, has proved profitable.

Philip Coggan

Week of the big initials

INDUSTRIAL COMPANIES take pride of place in next week's pending results list. Among those, corporate renovation, or recycling, is a recurrent theme.

STC, which produces interims on Monday, was one of the bombed out electronics stocks of 1985/86. A year ago it was doubling its interim profits from a very depressed level, and still managing to disappoint the market.

By this March it was beginning to leave even a bull market's expectations behind with pre-tax profits of £134m for 1986 against a previous year's £11m loss. STC had moved from expensive offices, sold businesses and cut labour and other costs; the worry was that ICL was 60 per cent of the business and the computer market could be about to enter a cyclical downswing.

A recent brokers' visit, say the fans, suggest that ICL is confident of maintaining profits growth over the next four years. Along with gains in components and communications, this could leave half-year pre-tax profits up from £49.2m to £75m on the way to £180m for the year.

STC's order book was up 33 per cent in the first quarter; a strong cash inflow last year of £248m had produced a net cash balance of £37m and rising. With confidence and cash, the management is expected to make a major acquisition in the near future.

Wednesday brings interims from GKN and, for any fans of pre - privatisation companies which still may be around, the Rover Group. GKN is a limited corporate reconstruction job, having sold its steel stockholding and its locks division last October and November for a total of £70m and having acquired a number of industrial *services interests.*

It is still heavily automotive. Some 69 per cent of its trading surplus came from this area in 1986. That need not be a bad thing, with cars and to a lesser degree commercial vehicle sales looking a lot healthier now than they did a year ago.

However, GKN has particular problems of its own. Last year it slashed prices in the US for constant velocity joints; this hit the second half of 1986 hard, and is expected to bear upon the first six months of 1987.

The shares have been strong this week, looking past a half-year analysts' estimate of £67m pre-tax, down 10 per cent but £9m up on the second half of 1986.

The reasons? Well, profits could show a measurable recovery in 1988 to £165m, against £135m pre-tax; or there could be a major export order for the Warrior armoured vehicle; or the intermittent bid rumours, which certainly played a part this week, may be justified.

The TI Group (interims, Thursday) is nominally in the same sector as GKN but it has a different product mix and geographical exposure. The differences may have been lessened by TI's helter-skelter sale of its consumer products companies in the first half of this year. TI has been less than

Results due

25 per cent automotive, in terms of profits contribution, and it remains to be seen whether the reinvestment of the divestment *proceeds will change that.*

TI aims to become an international engineering group concentrating on specialised businesses—it has aircraft engine rings, heat treatment furnaces and mechanical seals among its niche markets at the moment—and operating on a global basis.

It was recovering at this time last year and brokers expect it to maintain the momentum on Thursday with profits of £25.5m, up 41 per cent at the half way mark—although the plethora of disposals may have affected that figure. The hope for the full year is £57.5m, against £43.4m last year and £30.6m in 1985.

Other names on the interims list include YORKSHIRE CHEMICAL, and SECURICOR and its *quoted offshoot* Security Services on Tuesday. The same day brings final results from UNITECH, described by one analyst as "one of the best players among the distributors on the exposure to both the semiconductor upturn and to systems which are also currently booming."

Wednesday should also bring the first-quarter figures from BA, where market enthusiasm in the past fortnight has been concentrated on the agreed offer for British Caledonian.

William Cochrane

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Dale Electric	Thursday	1.5	1.5	1.5
Dale Group	Thursday	—	—	—
Dalepak Foods	Wednesday	—	—	0.9
DSC Holdings	Monday	—	0.5	0.5
Framlington Far East	Monday	—	—	—
Jacqmar	Tuesday	—	—	—
Mid Wynd Intnl. Invest	Thursday	—	2.4	—
Pool Holdings	Tuesday	2.7	6.0	3.0
Property Security Inv. Trust	Wednesday	1.0	1.5	1.2
Scottish English and European	Thursday	1.8	3.7	1.6
INTERIM DIVIDENDS				
British Airways	Wednesday	—	4.1	
British Alcan Aluminium	Wednesday			
Cannon St. Inv.	Thursday	1.0	1.5	
Conder Group	Thursday	1.5	2.5	
Cowie, T.	Tuesday	1.7	4.7	
Davies and Metcalfe	Friday	0.6	—	
Ealing-Electro-Optics	Thursday	0.7	1.5	
GKN	Wednesday	6.0	8.0	
Hickson Intnl.	Thursday	5.3	12.2	
Independent Newspapers	Wednesday	4.0	8.0	
Law Debenture Corpn.	Thursday	2.7	3.5	
Pacer Systems Inc.	Friday	—	—	
Rover Group	Wednesday	—	—	
Securicor Group	Tuesday	0.3	0.7	
Security Services	Tuesday	0.7	1.4	
STC	Monday	1.5	3.0	
TI Group	Thursday	6.0	10.0	
Tip Top Drugstores	Tuesday	—	—	
Wace Group	Monday	—	—	
Yorkshire Chemicals	Tuesday	1.5	3.5	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Babcock Intnl	310*	305	285½††	414.67	FKI Elec
Bipel	93½	93	70	18.70	CI Group
Coline Intl	272	263	248	26.78	Dubilier
Dairon Intl	64.88*	63	48	9.73	Wavetek
Deritend Stmpng	511§	560	443	28.97	Carclo Eng
Holden Hydroman	300½§	285	215	11.63	BBA
Holt Lloyd	184	183	158	83.13	Morgan Crucible
Hunslet	700	690	485	8.48	Telfos
Jarvis (J.)¶	750*§	800	775	7.60	Brookville Secs
Kleen-E-Ze	600*§	808	635††	16.32	Rightmovel
Laidlaw	306	295	214	26.13	Goode Durrant
Lloyd (F. H.)	98½	93	116	23.74	Triplex
Marina Dev¶	125*§	635	132	9.32	Clintholme
Mayfair City Prps	235	215	233††	28.20	Rivlin
Mercantile House	540§	556	488	498.00	Brit & Comwlth
Miss Sam	271½	228	192	43.44	Blacks Leisure
Mitchell Cotts	93	92½	71	89.66	Suter
Molins	300†	306	245	87.94	Tozer Kmsly Mlbn
Octopus†¶	498½	505	430††	535.00	Reed Intl
Plastic Constructs	140½	140	126	7.92	Glynwed Intl
Reabrook¶	291§	291	234	21.82	Yule Catto
Riley Leisure¶	97§	98	75	15.37	Midsummer Leisure
Rohan Group	378½	323	245††	47.46	Phoenix Prp & Fn
Ryman Group	202	200	194	19.07	Pentos
Scholes (G. H.)	550†§	613	480	70.69	Delta Group
Sims Catering	165*§	328	145	6.15	Mr R. Randell
Stewart Wrightson	634½§	629	500††	280.19	Willis Faber
Stockley¶	158	163	134	376.39	Mountleigh
Stone Intnl	120	117	154½	41.54	FKI Electricals
Stothert & Pitt	216	185	117	21.00	Hollis
Wordplex	179½	150	139	18.31	Norsk Data

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 31/7/87. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ▪ Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Assoc Furniture	Mar†	573	(678)L	2.2	(—)	—	(—)
Astra Hldgs	Mar††	6,220	(1,014)	2.8	(1.5)	0.2	(—)
Baker Harris	Apr	2,010	(806)	13.8	(5.3)	—	(—)
Banks Sidney	Apr	3,720	(2,400)	51.8	(44.5)	13.2	(11.5)
BCE Hldgs	Mar	1,110	(867)	2.9	(2.5)	0.6	(—)
Black Peter	May	6,660	(6,270)	11.1	(9.8)	1.7	(1.5)
Border TV	Apr	503	(704)	3.4	(5.2)	1.4	(1.2)
Breway	May	1,400	(1,310)	—	(—)	1.3	(1.1)
Clark Matthew	Apr	6,860	(6,060)	30.0	(29.2)	9.0	(8.0)
Compco Hldgs	Mar	594	(630)	18.0	(19.1)	7.5	(6.2)
Cowan de Groot	Apr	1,430	(1,120)	4.1	(5.7)	2.5	(2.5)
Cray Elec	Apr	9,200	(6,500)	18.3	(13.9)	5.1	(3.6)
Dyson J. & J.	Mar	1,530	(1,040)	8.2	(6.5)	4.5	(4.5)
Eve Cons	Mar	2,080	(1,520)	15.1	(10.6)	5.0	(—)
F & H Group	Apr	840	(1,630)	—	(—)	4.8	(—)
Ferguson James	Mar	315	(228)L	—	(—)	—	(—)
Gibbon Lyons	Mar	544	(411)	8.9	(5.4)	4.0	(3.2)
Havelock Europa	Apr	3,160	(2,160)	16.8	(10.9)	6.5	(4.0)
Helton Hldgs	Apr	783	(313)	2.8	(—)	0.5	(—)
Kenyon Sec	Mar	854	(752)	24.1	(22.9)	12.0	(10.4)
Mainmet Hldgs	May	315	(120)	9.1	(3.5)	2.2	(1.0)
Mercantile House	Apr	42,700	(75,400)	25.9	(50.0)	—	(9.2)
Mistys	May	918	(270)	8.2	(4.2)	1.0	(—)
Mountleigh	Apr	33,570	(9,220)	17.7	(11.2)	3.0	(1.7)
Noopaced	Mar	165	(159)L	1.2	(—)	0.4	(0.1)
SI Group	Dec	372L	(1,740)L	—	(—)	—	(—)
Smith David S.	Apr	24,230	(6,210)	24.0	(12.5)	5.2	(4.3)
Sommerville W.	May	613	(529)	61.3	(47.0)	11.0	(10.0)
Stewart & Wight	Mar	93	(105)	69.4	(77.9)	37.5	(27.5)
Worthington A. J.	Mar	111	(23)L	—	(—)	—	(—)
YRM	Apr	1,530	(1,060)	9.4	(5.6)	—	(—)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Abbey Panels	Mar	595	(641)	1.2	(1.2)
Albright & Wilson	June	26,000	(24,100)	—	(—)
Arncliffe Hldgs	Apr	205	(55)L	1.2	(—)
Baltic	June	3,200	(2,670)	1.2	(—)
Barclays	June	40,000L	(434,000)	10.5	(9.5)
Bullough	Apr	8,160	(6,160)	4.3	(3.2)
Capital & Cnties	June	6,560	(6,060)	3.5	(3.0)
Cntrl Techniques	Mar	605	(606)	1.2	(1.0)
Cresta	June	352	(46)L	—	(—)
Gallaher	June	81,400	(57,700)	—	(—)
Gestetner	May	8,590	(5,100)	0.5	(0.5)
Glebe I. T.	June‡	7,360	(6,300)	—	(—)
Greggs	June	1,130	(860)	2.5	(2.0)
Hill & Smith	Mar	1,320	(839)	1.3	(1.1)
ICI	June	691,000	(472,000)	16.0	(14.0)
Jacobs John I.	June	846	(796)	1.5	(1.4)
Jourdan Thomas	June	627	(618)	1.3	(1.2)
Laidlaw Group	June	1,130	(412)	1.6	(1.2)
Lex Service	June	20,700	(14,800)	4.5	(4.1)
Lloyds Bank	June	697,000L	(385,000)	4.8	(4.2)
Lond East Fin Grp	June	301	(285)	—	(—)
Lowe Robert H.	Apr	402	(231)	1.0	(0.5)
Mount Charlotte	July	10,900	(7,630)	0.7	(0.6)
Nat West	June	251,000	(484,000)	8.0	(7.0)
Newman Ind	June	4,230	(850)	0.5	(0.5)
Ocean Trns & Trd	June	17,300	(16,000)	3.3	(2.9)
Padang Senang	Mar	50	(33)	—	(—)
Questel	Apr	555	(459)	2.4	(2.2)
Radius	May	885	(681)	1.2	(1.0)
Reuters	June	81,600	(46,510)	2.3	(1.7)
Saga Holidays	Apr	1,490L	(1,831)	1.6	(1.6)
St Modwen Prop	May	731	(—)	—	(—)
TACE	Mar	1,800	(1,710)	3.0	(2.8)
Tranwood	June	276	(93)	—	(—)
Trenchwood	Apr	3,660	(2,020)	1.0	(0.8)
Tribble Harris	May	388	(313)	—	(—)
Tyndall Hldgs	June	1,920	(60)	2.0	(—)
WPP	June	3,300	(450)	—	(—)
Yeoman Inv Trust	June	1,340	(915)	3.8	(2.3)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share, except where otherwise indicated. † This year's figures for 15 months. †† This year's figures proforma after US acquisition and last year's for previous 15 months. ‡ Figures for three months. L Loss.

RIGHTS ISSUES

Capital & Counties have announced a £182m rights issue on a basis of one-for-two.

Dobson Park have announced a £25.2m one-for-four rights issue; 20.87m shares are being offered at 125p.

Lee Cooper have announced a one-for-four rights issue to raise £14.2m, at 180p.

Yelverton Investments is to raise £2.86m via a rights issue of 8 per cent convertible unsecured loan stock on a one-for-four basis.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Adscene is to come to the stock market through a mini offer for sale; 3.6m shares are to be offered at 110p.

Homerbilt Group is joining the Third Market via a placing of 8m shares at 20p each.

The First Spanish Investment Trust is to come to the stock market via an issue of 34.9m shares at 100p.

UPL Group is joining the Third Market via a placing of 1m shares at 110p.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 27%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	3.00	3.04	2.29	1.67	monthly	1	—	0-7
High interest cheque	5.50	5.61	4.23	3.08	monthly	1	1,000-4,999	0
High interest cheque	5.80	5.93	4.46	3.25	monthly	1	5,000-9,999	0
High interest cheque	6.20	6.35	4.78	3.48	monthly	1	10,000-49,999	0
High interest cheque	6.50	6.66	5.02	3.65	monthly	1	50,000 minimum	0
BUILDING SOCIETY†								
Ordinary share	5.00	5.06	3.81	2.77	half yearly	1	1-250,000	0
High interest access	6.75	6.75	5.09	3.70	yearly	1	500 minimum	0
High interest access	7.00	7.00	5.27	3.84	yearly	1	2,000 minimum	0
High interest access	7.50	7.50	5.65	4.11	yearly	1	5,000 minimum	0
High interest access	7.75	7.75	5.84	4.25	yearly	1	10,000 minimum	0
90-day	7.75	7.90	5.95	4.33	half yearly	1	500-9,999	90
90-day	8.00	8.16	6.15	4.47	half yearly	1	10,000-24,999	90
90-day	8.25	8.42	6.34	4.61	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.00	7.30	5.50	4.00	yearly	2	5-100,000	30
Income bonds	10.50	8.04	6.06	4.41	monthly	2	2,000-100,000	90
Deposit bonds	10.50	7.67	5.78	4.20	yearly	2	100-100,000	90
33rd issue‡	7.00	7.00	7.00	7.00	not applicable	3	25-1,000‡	8
Yearly plan	7.00	7.00	7.00	7.00	not applicable	3	20-200/month	14
General extension	7.02	7.02	7.02	7.02	quarterly	3	—	8
MONEY MARKET ACCOUNTS								
Schroder Wagg	5.83	5.99	4.51	3.28	monthly	1	2,500 minimum	0
Provincial Trust	6.77	6.98	5.26	3.83	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	9.02	6.94	5.55	4.39	half yearly	4	—	0
10pc Treasury 1990	9.78	7.09	5.30	3.81	half yearly	4	—	0
10.25pc Exchequer 1995	9.90	7.16	5.34	3.82	half yearly	4	—	0
3pc Transport 1978-88	6.64	5.81	5.27	4.80	half yearly	4	—	0
2.5pc Exchequer 1990	6.50	5.78	5.29	4.89	half yearly	4	—	0
Index-linked 1990¶	6.35	5.81	5.45	5.14	half yearly	2/4	—	0

* Lloyds Bank. † Halifax 90-day; Immediate access for balances over £5,000. ‡ Special facility for extra £5,000. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

High summers for the bulls

IT WAS exactly five years ago, in August 1982, that the US stock markets began their longest and strongest rally since the post-war boom of the 1940s and 1950s. On August 12 1982 the Dow Jones Industrial Average hit a low of 776.92, less than one-third of the new market record of 2,567.44 recorded on Thursday—and a level that few on Wall Street expect to see ever again.

It was in August 1984 that the first phase of the rally, which many had scorned as little more than a mechanical recovery from the market's collapse during the 1982 recession, first started to reveal itself as something much grander. Having peaked at a shade below 1,300 in November, the Dow fell back to 1,086.57 on July 24.

During the following month, the Dow shot up by 109.10 points—the biggest single month's points gain in history up to that date—and the bull market of a lifetime was off in earnest.

But it was not until August 1985 that the greatest buying opportunity of all presented itself. That month saw the last real correction before the present explosive phase of the bull market. From the next month onwards, when the Dow bottomed out at 1,297.94, the stock market peaked at a higher level every month until the following April.

Wall Street

By the time of the next market dip, the Dow had soared to over 1,800. In fact, apart from a few brief one-week panics, which were recognised widely as brilliant buying opportunities even at the time, Wall Street has doubled without real interruption since that summer exactly two years ago.

Obviously, anybody who dismissed the traditional lassitude of the stock market in summer with the contemptuous quip of "sell in May and go away" could not have been more wrong. But, apart from cancelling one's holidays, are there any other lessons that can be drawn from the market's summer action during the past few years?

One useful check on the present boom on Wall Street is to think back over the factors which gave the market new impetus in each of the great bullish bursts which were demarcated by the summers of 1982, 1984 and 1985. In the summer of 1982, the forces pushing the market upwards were unmistakably clear. The Federal Reserve Board had just completed the greatest monetary tightening it had imposed on the US and world economies since the credit squeeze of 1930, which was largely responsible for the Great Depression. Unlike the monetary authorities of the 1930s, Paul Volcker, the present chairman of the Fed, was well aware of the dangers of economic depression.

Although there were many Jeremiahs at the time who were unwilling to believe it, Volcker knew precisely when to open the monetary spigots—after worldwide inflation was essentially defeated, but before the severe recession which began in 1980 had degenerated into a self-sustaining cycle of economic collapse.

In combination with the massive tax cuts of Reaganomics, the all-out relexation of US monetary policy which began in the summer of 1982 unleashed the greatest economic boom the US had seen since the early 1960s.

By early 1984, these forces had essentially spent themselves. Although the biggest gain in US Gross National Product did not occur until the first two quarters of that year, the market anticipated the abrupt economic slowdown and began to drift aimlessly from the end of 1983.

What gave the market new impetus that summer was the appreciation that, while the real economy was slowing, the monetary tide had certainly not turned. In fact, it was the combination of rapid monetary expansion with a marked reduction in real investment spending that fuelled the new bull market which began in August 1984.

However, it was not until the next summer, in 1985, that the sun, moon and stars came into truly perfect alignment for the bull market of a lifetime. With the decline of the overvalued dollar and the simultaneous fall in oil prices, two of the most dangerously destabilising forces in the world economy were finally moving in the right direction. From then on, there was no holding back Wall Street's enthusiasm.

The question now arises—what new factors are left to push the market still higher after this summer? The conventional wisdom points to two: inflows of foreign money, now that the dollar has stabilised, and higher corporate earnings.

On the second point, the second quarter's results have undoubtedly been encouraging. As for the first, there has certainly been a change of sentiment in favour of the dollar on the foreign exchanges. But, as in each of the summer watersheds of this amazing bull market, we will know only in retrospect whether any new rally is the beginning of another great upward leg or the beginning of the end.

MONDAY	2493.94	+ 3.61
TUESDAY	2519.77	+ 25.83
WEDNESDAY	2539.54	+ 19.77
THURSDAY	2567.44	+ 27.90
FRIDAY		

Anatole Kaletsky

Obstreperous market

IN A RECENT weekly review of Hong Kong's stock market, James Capel departed from tradition and restricted its comment instead to a terse one-line statement: "We are undecided about the short term outlook for the market." Other securities companies provided more detailed comment, but James Capel was not alone in being baffled by the market's obscure behaviour.

After six days of consecutive gains in the middle of July, which took the Hang Seng index to a record high of 3,386, the market went into limbo. And just when most analysts became convinced a significant correction was imminent, the obstreperous index went on a three-day record breaking streak.

Institutions and locals literally piled into the market and the index closed yesterday up some 4 per cent on the week at a new high of 3,479, on a turnover of HK$2.7bn, the second highest on record.

The earlier bout of bullish sentiment had been partly soured by rumours surrounding the Hutchison Whampoa/Cheung Kong camp, controlled by the popular hero of the market Li Ka-Shing. Li has been looking for overseas acquisitions, and concern centred on the possibility that shareholders would be asked to dip into their pockets for additional funds. Li's companies account for some 18 per cent of the index, and both Cheung Kong and Hutchison faced substantial selling pressure.

Hong Kong

Whatever the cause of the market's short period of uncertainty, the World International/Wharf Holdings camp, controlled by ship-owning baron Sir Yue-Kong Pao, was singularly unlucky that its final results coincided with it.

The results, while not really bad at all, were interpreted negatively by the market, and both counters immediately saw substantial selling. Ironically analysts feel that Wharf, which has seen its share price fall 1 per cent during the last year against the property sub-index's 49 per cent advance, is good value.

While most analysts are now reluctant to predict short-term movements, they are all bullish on a one-year perspective. James Capel reckons the index will reach 4,000 within a year and 5,000 before the current bull run peaks, and then head for the thin-air region of 10,000, possibly within five years.

Such bullishness is founded on the excellent performance of the domestic economy, and on the Territory's long-term potential as China's entrepot. Buoyed by the weak local currency, exports soared 40 per cent to nearly HQ$166bn in the first half. Inflation is rising but is still comfortable at about 5 per cent. Interest rates are low, unemployment is negligible, and real wages continue to climb.

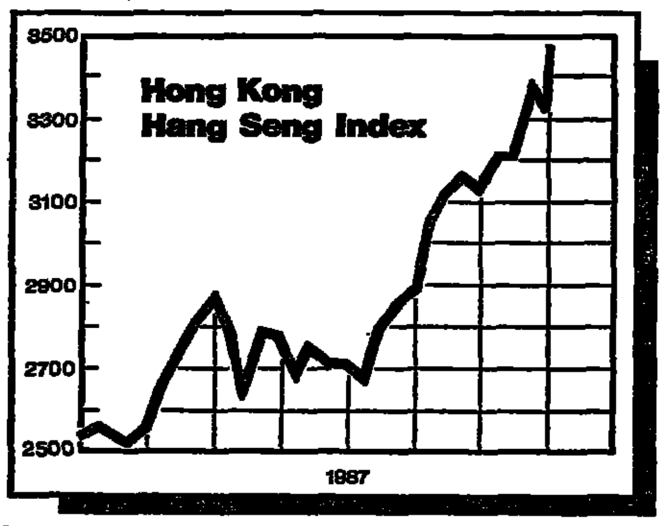
Economists now disregard the official 6.2 per cent growth forecast for the economy this year, replacing it unceremoniously with a more gung-ho 7 to 10 per cent projection.

The weak local currency has brought boom times for industrials, which according to one analyst are "beating the hell out of the rest of Asia." Novel Enterprises, a newly-listed textiles group, and Laws Fashion, another textiles concern, are two of the best tips.

Banks are back in favour after three years that have required seven government-led rescues. Lending was up some 23 per cent in the first five months, and prime interest rates have this year edged up 2.5 points to 7.5 per cent. The Hongkong and Shanghai Bank, which has trailed the finance sub-index by more than 10 points over the last year, has seen its stock recover since it offered US$670m to acquire the remtaining 48 per cent stake in Marine Midland Bank in the US.

The China Factor, though described by Dudley Howard, marketing head at Jardine Fleming, one of the Territory's biggest fund managers, as "the cork on the market's effervescence," is not now a major factor. James Capel, in any case, is confident that "one day, international investors will buy Hongkong because of China, rather than despite China." For the meantime, investors seem content to buy on the market on the strength of economic fundamentals.

Kevin Hamlin



Gold nears $500

A COUPLE of weekends ago, I visited a chimney stack. It is no ordinary chimney stack — it stands down a rutted dirt road on the edge of a northern Transvaal farming valley next to a rusting old boiler—and it is not particularly well known to most Transvaalers. It was built in 1871 by Edward Button from specially-imported Aberdeen granite at the mine he called Eersteling—the first-born in Afrikaans—the Transvaal's very first gold mine.

No one seems to know when Eersteling produced its last gold but Steen Severin, a Dane who specialises in re-opening old mines, believes it will be back in production and milling 10,000 tonnes of ore each month by 1989. He is sinking two new shafts at Eersteling and, over a small hill from Edward Button's chimney, a new mill is being erected.

Severin's company was listed on the Johannesburg Stock Exchange (JSE) a fortnight ago, one of the dozens of new issues which have come to the market during its present boom. The company's public offer of 4.2m ordinary shares was 32 times over-subscribed, underlining Johannesburg's determination to be positive about gold shares.

That determination has lifted the JSE's all-gold index by more than one-sixth since the end of March, even though only some of the market's hopes were realised in the second quarter of this year.

At the start of the second quarter, investors were pushing gold share prices ahead in the belief that the March quarter's pofit set-backs were due to be reversed. Of course, the gold price has not yet managed to reach $500/oz but analysts believe that is just a matter of time.

South Africa's major gold mines received an average of $444 for every ounce of gold they produced in the June quarter against $407 an ounce in the March quarter. Though the rand strengthened against the dollar, Chamber of Mines members received an average of R899 for each ounce against the March quarter's R848 and total revenue from gold increased to R4.42bn from R4.27bn.

This was more than enough to offset the industry's average cost increases, but it did not mean more was available to distribute to shareholders. The mines went on a capital spending spree—they spent R725m on capital projects in the June quarter against only R517m in the March quarter. And though this led to a lower tax bill, the

Quarter to	Gold produced (kilogrammes) June 1987	March 1987	After-tax profit (R millions) June 1987	March 1987	Earnings per share (cents) June 1987	March 1987
ANGLO AMERICAN						
Elandsrand	2,794	2,658	39.15	33.49	25.3	23.6
Ergo	2,336	2,236	16.76	29.61	12.6	21.1
Freegold	25,436	25,806	182.16	226.49	69.6	73.0
SA Land	413	421	1.29	1.17	13.5	13.3
Vaal Reefs	18,445	19,713	182.37	134.06	564.3	432.4
W. Deep Levels	9,934	9,509	105.66	79.28	156.5	150.5
ANGLOVAAL						
E. Tvl. Cons.	850	897	16.68	9.29	39.1	83.2
Hartebeest	7,680	8,023	80.29	62.63	21.3	34.8
Loraine	2,064	2,102	12.52	10.01	31.1	38.5
GENCOR						
Beatrix	3,236	2,806	29.09	18.99	39.5	13.0
Bracken	663	663	2.38	2.46	13.5	10.9
Buffelsfontein	4,369	4,308	12.24	13.08	190.8	104.3
Grootvlei	1,097	1,333	2.64	3.88	17.8	29.5
Kinross	3,262	3,093	20.66	18.82	93.2	69.9
Leslie	827	865	2.58	2.93	13.7	11.1
Marievale	201	226	(0.44)	0.09	(13.1)	0.0
St Helena	2,342	2,079	18.22	14.33	62.2	33.8
Stilfontein	1,769	1,828	7.94	1.82	48.8	(2.5)
Unisel	1,924	2,071	12.12	12.64	38.0	38.6
W. Rand Cons.	994	994	1.85	1.52	24.6	16.1
Winkelhaak	3,046	3,187	29.45	30.69	86.1	83.6
GOLD FIELDS						
Deelkraal	1,988	1,950	28.38	22.93	14.4	13.5
Doornfontein	2,123	2,086	18.83	16.83	65.4	47.1
Drie. Cons.	15,798	15,255	157.92	113.26	87.2	85.5
Kloof	7,560	7,560	97.22	89.20	29.7	31.4
Libanon	2,132	2,161	17.38	16.11	61.7	135.6
Venterspost	1,560	1,599	8.81	5.27	63.8	82.5
Vlakfontein	266	254	1.03	0.74	(112.0)	(13.3)
GOLDEN DUMPS						
Cons. Modder	667	656	6.76	8.00	6.3	12.3
South Rood	269	246	1.58	2.09	5.0	2.7
JCI Randfontein	5,760	6,938	66.97	99.16	385.2	679.3
Western Areas	3,084	3,567	(3.83)	7.01	(30.6)	(3.1)
RAND MINES						
Blyvooruitzicht	3,026	2,965	16.48	13.87	43.4	40.6
Durban Deep	1,779	1,745	1.77	1.10	(166.4)	(135.3)
ERPM	2,186	2,135	(15.42)	(16.29)	(473.1)	(385.8)
Harmony	7,363	6,761	44.66	31.73	44.2	37.8

Earnings per share calculated after capital expenditure. Figures in parentheses are negative.

Mining

residual amount available to pay out to shareholders slipped to R479m from R517m.

Higher prices failed to help some mines, which were plagued by particularly poor labour relations. This was the chilling factor in the June quarter's results. Labour problems cut underground production at several mines and helped push one, Western Areas, into greater losses.

Nonetheless, Johannesburg investors seem determined to ignore any problems which might develop as and when the National Union of Mineworkers (NUM) calls out its members in support of wage claims. Talk to almost any broker on Diagonal Street and he will tell you that other stoppages organised by the NUM were damp squibs and that there is nothing to indicate this year will be any different

But even if work stoppages are brief, the industry is unlikely to escape a fairly sharp increase in costs during the September quarter. The average cost of mining and processing each tonne of ore rose by a comparatively modest 3 per cent to R89.78 in the June quarter. But that did not include the wage increases of between 17 and 23 per cent conceded to black miners on July 1 or the full effect of white pay increases implemented in May and June.

Jim Jones in Johannesburg

Eric Short examines a new personal pension plan

Spell it Rothschild

THE NEW ERA in retirement provision brought about by personal pensions is only five months away. Life companies have been making loud noises that they intend to be major providers of personal pensions.

But until now employees have been given little idea as to the form and shape—the underlying investments, the administrative operation or most importantly what charges they will have to pay—that personal pensions will take.

It has been left to one of the new pension providers—Rothschild Asset Management, the retail investment arm of merchant bankers N. M. Rothschild—to give the full details of its personal pension contract.

Rothschilds is new to the individual pensions market; up to now life companies have had a near-monopoly. But this seems to be proving an advantage in designing a pension product. It has been able to bring a fresh mind to the subject.

The model for its personal pension policy is its unit trust savings plan, which is based on low charges and completely flexible payments.

But the non-appropriate part will operate very much as self-employed pensions do now. Companies will have the choice of offering contribution payment systems to suit their requirements: annual, monthly or single premium payments of fixed or variable amounts.

Rothschild Asset Management intends to offer employees complete flexibility in the payment of contributions, to contribute what they like when they like (within the Inland Revenue limits), just as it does on its unit trust savings plan.

Secondly, the underlying investment will be in equity funds, duplicating the existing unit trust funds, together with a cash fund when these are permitted. Investors will be able either to make their own choice of funds from high risk-high reward overseas equities to UK general funds, or to leave it all to Rothschild Asset Management through a managed fund-of-funds. There will be full switching facilities.

Finally, the charges made by the company will be low, with no front-end payments to intermediaries. As with its savings plan, it will pay intermediaries just 3 per cent of the contribution payments, the rate for unit trusts on the proposed Lautro scale.

This is well below the likely commission payments by life companies, which even on a single premium basis will be 4 per cent.

Graham Parker, a director of Rothschild Asset Management, says that with no front-end load the company will be able to offer transfers without any penalty, an important marketing point. Anyone taking out a personal pension has to be given details of transfer values for the first five years in the cooling-off notice period. Companies with low charges and no front end load will obviously be able to show the highest transfer values.

This is very much in contrast to the changes likely to be made by life companies which are coming under increasing pressure from intermediaries for heavy front-end payments.

However, Rothschild Asset Management will be selling through intermediaries, such as accountants, solicitors, and major insurance brokers. It will be looking to those not driven by commission to market its personal pensions.

The company will not be offering any life cover, nor will it be providing the facilities to pay the ultimate pension. It is leaving it to employees and their advisers to arrange life cover and to arrange to take the savings accumulated at retirement to buy a pension from a life company.

The 1986 Social Security Act ended the near-monopoly of life companies in providing pensions for individuals. But as yet no other new pension provider has been as specific as Rothschild Asset Management in telling the world about its products—a rather surprising situation, since it will take time to inform everyone concerned in marketing pensions that a company has entered the business.

Spain on subscription

SPAIN HAS considerable attraction for those investors who like to be a bit adventurous. The Madrid stock market was one of the top performers in the world last year, and it is still believed to have considerable potential, though this year its performance has not been so spectacular.

There is one specialist Spanish unit trust, launched by Dumenil in January. And now, London stockbroker Alexanders Laing and Cruickshank is sponsoring the First Spanish Investment Trust.

It will seek a listing on the London Stock Exchange of all its share capital, with an issue of 34.9m shares of 50p each (with warrants attached) offered at 100p. Dealings are expected to start on August 13; the deadline for applications is 10 am on Thursday, August 6.

Institutional investors have applied for 26.15m of the shares, but the remaining 8.75m are available for subscription by private investors. As an added sweetener, for every five shares acquired the successful applicants will receive a warrant conferring the right to subscribe for one ordinary share at the subscription price of 100p on August 31, on any of the years between 1988 and 1997; a valuable bonus if the fund does well.

A similar formula was used by the company to launch its German smaller companies investment trust in 1985. Lloyds Bank will again be managers of the fund and the investment advisers will be Banif, a subsidiary of one of Spain's largest banks, which has considerable experience in Spanish fund management.

Roger Adams of Laing and Cruickshank, claims that a closed-end fund like an investment trust is a better vehicle for immature markets like Madrid than unit trusts, which could be hit by redemptions in the event of a temporary downturn. Investment trusts, he says, are better able to ride out any storms, and will outperform unit trusts in the long term.

J.E.

IN THE NEWS

Hambros goes for USMs

HAMBROS BANK claims to have uncovered a fresh investment area with the launch of its New Generation unit trust. The idea is to achieve capital growth by concentrating on UK companies developing new products and services.

A significant proportion of the portfolio will be invested in smaller companies, including those on the Unlisted Securities Market. The initial offer price of 50p a unit, closing on August 7, gives an estimated yield of 1 per cent. Minimum investment is £1,000.

●

A BONUS allocation of 1 per cent is being offered to investors in the new Wardley Singapore and Malaysia Growth Trust during the launch period until August 19. Minimum investment is £1,000 in 25p units.

●

Wardley, a subsidiary of the Hongkong and Shanghai Bank group, feel the time is right to expand their range of specialist Pacific funds to two countries, which both have promising economic growth prospects.

●

NATIONAL Provident Institution is extending the closing date of its special offer launched in June to mark the fifth anniversary of the company's entry into the unit-linked market.

Under the offer, now valid until August 31, an extra 1 per cent allocation is made for lump sums invested in the group's Capital Investment bonds or unit trusts.

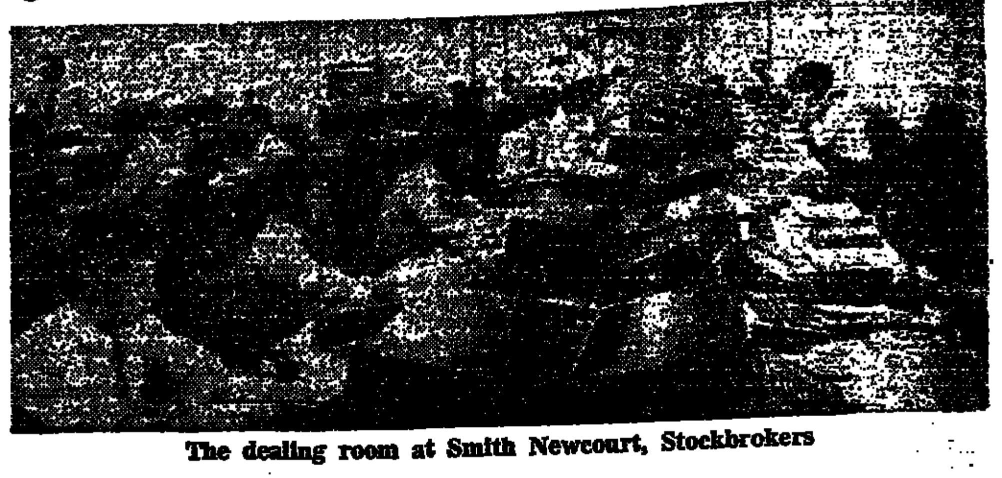
●

COUNTY Unit Trusts, part of the NatWest group, has broadened its regular savings scheme. You can now invest in three different ways—a lump sum, monthly contributions, or a combination of both. Minimum amount you can save is £15 monthly or a lump sum of £500.

John Edwards

Barry Riley reports from a City still buried in paper

Country folk settle it better



The dealing room at Smith Newcourt, Stockbrokers

"IF ONLY our clients would all go away on holiday for a while," sighed the private client director of a big stockbroking firm this week.

But the mound of paperwork threatening the City of London stays at least as big as ever. And during the past few days the system has been burdened with the rush of initial dealings by small investors in BAA, in which trading started last Tuesday.

The Government's insistence on handing out tiny 100-share allotments to over 2m applicants has seemed almost deliberately calculated to aggravate the Stock Exchange's problems by flooding firms with low-value paper which is uneconomical to deal with.

In fact, there are suggestions that the Government is getting rather impatient with the Stock Exchange, which is showing little sign of being able to respond to the official push towards wider share ownership.

However, it is more the fault of individual firms than of the Exchange itself, which has built pretty effective systems. The basic problem is that when broking firms planned for last October's "Big Bang," they put all the emphasis on systems for trading and supplying information and gave comparatively little thought to how they might cope with a torrent of extra paper in their "back offices."

The surge in business has been tremendous, reflecting not just privatisations but the tremendous impact of the bull market across the board.

Brian Baughan, private client chief at Hoare Govett, says that before the Big Bang his firm would process between 300 and 400 bargains on a good day. Now, the firm's Dealercall simplified share trading service alone generates over 1,000 bargains a day. Another 500 or 600 will come in from full service private clients and perhaps 250 from banks. That represents a fivefold increase in business.

All around, the defensive shutters are going up. At Capel-Cure Myers, which once promoted itself heavily (including on TV) as a private client broker, the profile is now very low.

"We won't take on any new dealing clients," admits CCM's Fred Carr. He claims the firm avoided settlement problems, but only by firmly directing potential clients into its pooled funds.

"We will not offer individual service to new clients until we can see the way ahead on the settlement side," says Carr. "It wouldn't be fair on existing clients."

Officially, Hoare Govett is still accepting new clients for Dealercall. But Brian Baughan admits that it will take a month for applications to go through the system—not much good if you want to sell something in a hurry.

At the other end of the size scale, Mark Smith of the tiny Bournemouth firm of I. A. Pritchard claims to be coping "adequately." Pritchard has stuck to its commitment to deal in BAA at the rock bottom price of £10 plus VAT, although it meant that work had to go on to 8.40 pm last Tuesday when the post was rushed straight to the sorting office.

Like many brokers, Smith complains bitterly that company registrars are causing much of the trouble. He says they cannot cope, and are running days and weeks behind schedule.

But Smith also blames London stockbrokers for being seriously undermanned in their back offices. "The country brokers have always gone about it differently. We are more aware of how to operate settlement," he claims.

In London, the poaching of staff is now reaching serious levels. There are stories that settlement clerks are being bribed with "golden hellos" of the kind reserved for top traders and analysts a year ago. The comings and goings are causing great frustration.

Robin Woodhead, chief executive of National Investment Group, an amalgamation of seven different provincial stockbrokers, claims: "We don't have the same musical chairs that some of the big London firms have endured."

But staff are under a lot of pressure. "Our group are working every weekend, all around the country," he says. The other night, after a computer breakdown, staff rushed to another office and did not finish inputting data until 4 am.

Woodhead insists that new clients are welcomed positively at NIG. But he has to admit that it could be very difficult for clients to get through on the telephone, which is a very severe practical inhibition on dealing. In a recent test, only 300 of 500 callers reached even the switchboard, and just half of those were connected immediately to a dealer.

The swamping of the switchboard, says Woodhead, is a sign that customers are not simply more numerous but that the newer ones are punting much more heavily than the traditional inactive client.

What is the solution to all this chaos? Hysterical calls were being made this week for a temporary Stock Exchange closedown to allow the settlement tangles to be sorted out, but as one senior broker put it: "To shut the stock market down would result in a grey market in about two seconds." The mess would be worse than ever.

There is serious concern at various levels, though. One worry is that brokers are being forced to finance their clients because of inability to obtain possession of share certificates at the right time. So the bad debt risk is escalating all the time, not only for the firms themselves but also for the banks which are supplying them with short-term finance.

In fact, the financing of the settlement delays is causing a noticeable blip in the money supply figures, something which is generating concern at the Bank of England.

Commercially, many firms appear to be passing up the opportunity to expand their business significantly. There could be a tremendous opportunity for the big banks to make their mark if they can get their planned new dealing systems to work.

It is likely that there can only be slow improvements in the present logjam. A new paperless settlement system planned by the Stock Exchange should provide a permanent cure eventually, but that is several years away. In the meantime, individual firms are rushing as best they can to train more skilled operators and instal new and better systems.

In many cases, though, the management skills are lacking. Traditionally, the back office was always a neglected and unglamorous part of a broking firm, and one which received very little investment under partnership structures which encouraged the payout of each year's profits rather than the ploughing back of resources into capital equipment.

Now, most brokers are incorporated and many are owned by wealthy banks and other financial groupings. But the legacy of past under-investment remains.

So, if you go away and take a holiday from dealing for a few weeks, don't worry that your broker will feel neglected. He just might decide that you are doing him a good turn.

Stateside scrutiny

During a week when the Dow Jones index has soared to new peaks, William Hall, New York correspondent, asks two veteran Wall Street investment managers for their views on the market prospects.

MONTE GORDON, head of research at the giant Dreyfus mutual fund in New York, has been following Wall Street for close to 40 years and admits that, like many US investment veterans, he badly underestimated the strength of the present bull market.

"The Dow Jones Industrial Average started the year at 1,895 and I thought a nice 400-point gain would be terrific," says Gordon, a regular panelist on the widely followed *Wall Street Week* television show.

With the Dow up by well over 600 points, or more than a third, in the first seven months of 1987, Gordon is now talking of it rising to between 2,600 and 2,700 "before the year-end" with the 3,000 level "a possibility next year."

Since the bull market began in August 1982, the Dow has more than tripled and the overall US stock market, as measured by the S&P 500, is yielding 2.8 per cent and selling at close to 18 times expected 1987 earnings.

These sorts of valuations have not been seen since the heady days of the late 1960s and Bob Farrell, chief stock market watcher at Merrill Lynch, cautions that the figures indicate that "we are in a high-risk late stage bull market."

Farrell, who has been following the market for Merrill for 30 years, is one of Wall Street's most respected "market timers"; and while he admits that he has been overly cautious about the extent of the present rally, like Gordon he is reluctant to call the turn in the market for the time being.

He agrees that the market is highly valued but stresses that the best way to analyse its state is by concentrating on investor attitudes rather than its absolute level.

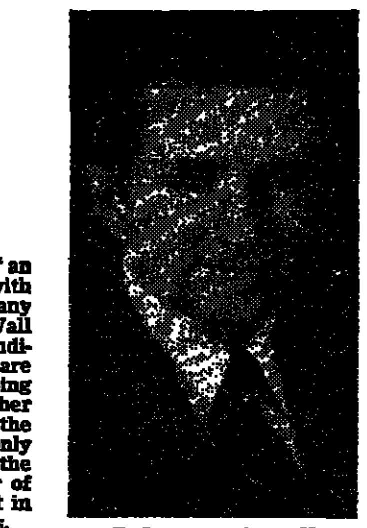
"History tells us that the most important characteristic of the ending of a bull market is an overwhelming enthusiasm for stock and a belief that the bull market will continue indefinitely," says Farrell, who can find little evidence yet of the speculative excesses that have marked the top of earlier market cycles.

He notes that there is "an incredible preoccupation with the 1929 period" among many of the major players on Wall Street and says that many individuals and pension funds are more concerned with keeping what they have made rather than speculating heavily on the belief that the market can only go up. "There is not the enthusiasm that I remember of the late 1960s, or read about in the late 1920s," Farrell adds.

He rattles off figures about the shrinking supply of equity and the increasing foreign interest in US stocks to support his belief that, 12 months from now, the US market will be higher rather than lower. Last year, foreigners bought a record $18bn of US stocks and Farrell believes that, led by the Japanese, they will buy around $30bn this year.

At the same time, US investors remain relatively cautious about equities; and while mutual funds are investing an average $3bn net a month in the US equity market, more money is still flowing into bonds than equities.

Farrell sees no signs of the "get-rich quick" mentality which characterised the attitude of many small investors towards Wall Street in the 1960s and he believes 1987 is seeing a transition as US investors move from being "risk-averse" to taking bigger positions in equities. But he says there is still a lot of money on the sidelines waiting to come in whenever there is a correction, and does not believe the US market is suffering yet from the same excesses as Tokyo.



Robert J. Farrell

Farrell feels that before the US stock market reaches a peak it will probably be marked by the same sort of investor enthusiasm which has made many investment professionals so nervous about the Japanese market. Like Monte Gordon, he believes there has to be one last explosion upwards in stock prices before the market turns.

Both men are nervous about the impact that a sharp decline in the Tokyo market would have on Wall Street but, as Farrell notes, there are very many high-paid people trying to pick the top of Tokyo. This could delay it actually doing so and work to Wall Street's advantage in the short term, since nervous Japanese money managers could be encouraged to channel more of their money into the US.

Farrell says that while there is likely to be a significant decline in the US market some time during the next couple of years (this does not mean the end of the long-term bull market. He notes that a decline of more than 25 per cent is "not unusual" following a sharp rise.

However, he does not subscribe to the view of Bob Prechter, a former employee, who sees the Dow soaring to 3600 and then collapsing precipately. "My guess is that we will get a bear market for a year or two and then another bull market. I do not look for it to be the end of the world," says Farrell.

Gordon also sees a good chance that the market will fall sharply some time next year but he says the present appetite for US blue-chip stocks as opposed to secondary issues "suggests there is fear out there." This, he adds, is preventing the emergence of the speculative excesses that might make the smart money managers head for the exit.

Monte Gordon

Midland's PEP

MIDLAND BANK is launching a new Personal Equity Plan on Monday. The Select Plan aims to appeal to the more sophisticated investor who wants to take advantage of the tax incentives offered by PEP as part of an overall investment portfolio.

Under the new Plan you can choose up to four shares from any company quoted on the Stock Exchange, including the Unlisted Securities Market (USM). The minimum investment is £600 per share—which is why the number of shares is restricted to four, since the maximum that can be invested in a PEP each year is £2,400. (A husband and wife taking a PEP plan can have £4,800 in eight different shares).

Not surprisingly the charges are quite steep. There is an annual fee of 1 per cent of the value of the fund, with a minimum of £15; normal share transaction charges, including Stock Exchange commission; and a £5 fee for each sale or purchase. If you pull out before the Plan "matures" you will be charged a hefty 2.5 per cent of the value of funds withdrawn, in addition to losing the tax concessions.

The Plan is being offered in addition to the Midland Bank's two existing PEP schemes—the Managed Plan and the Bespoke Plan. Midland's decision to launch a third scheme reflects the sad fact that the main attraction of PEPs is to rich people who might face a CGT liability. The charges, restrictions and complications make the scheme unattractive for the first time investors who were supposed to be the target.

To offset the charges involved in operating a PEP scheme you have to invest the maximum of £2,400, if possible in a lump sum, and also avoid paying CGT. The restrictions on the number of shares that can be bought, imposed by most plan managers, makes some of the PEP schemes positively dangerous for the small investor.

As it happens the boom in the London stock market during the past year means that most PEP investments are paying off handsomely, in spite, or even because of, the restrictions. It has been very difficult to lose money on the stock market.

The Midland Managed Plan, for example, achieved a return of 37 per cent during the period from January to July 16; an investment of £2,400 in January would now be worth £3,288.

Other PEP schemes have been equally or even more successful. During the first half of the year, the value of MIM Britannia's Special Situations PEP plan rose by 48.5 per cent and Lamont's Speculative PEP by 53.12 per cent, after deducting operating costs, for the period from late January to mid July.

J.E.

Interest rates cut

ABBEY NATIONAL Building Society has confirmed that the mortgage interest rate to existing borrowers will be cut to 10.5 per cent from September 1. The society had reduced its rate for new borrowers in June, but with interest rates trending upwards, and no other society except the Halifax following suit, there had been increasing doubts as to whether the cut would be passed on to existing borrowers.

It had been expected that the cut would be made on August 1, and the Abbey National and Halifax have come under strong criticism for failing to act. Abbey National finally responded, but delayed the cut until September. The Halifax said it will cut the rate for existing borrowers on September 1, but was not specific on the size of the reduction.

Meanwhile Lloyd's Bank has honoured its commitment to cut its mortgage rate for existing borrowers to 10.8 per cent from today. The bank reduced the rate for new borrowers on June 19 and pledged at the time to pass on the cut to existing mortgage holders on August 1.

National Westminster, the only other major clearing bank to reduce its rate, announced last week that it was passing on the cut for new borrowers to 10.5 per cent to existing borrowers on August 1.

● CLYDESDALE BANK has become the only Scottish clearing bank to cut its home loan rate. Today, August 1, the rate for new and existing borrowers is cut from 11.25 to 10.75 per cent. Customers who took out a mortgage during the recent three-month promotion campaign which ended on June 30 will continue to receive the 0.5 per cent discount offered for the first year, and be charged only 10.25 per cent.

J.E.

Christine Stopp on the crisis in overworked unit trust groups

Systems near breakdown

IS THERE an administration crisis in the unit trust industry? With several stories lately about delayed documentation and payments, the signs are worrying.

The Unit Trust Association says that "crisis" is not an appropriate word to use. "The problems of one company tend to affect the reputation of the whole industry," says UTA chairman Bill Stuttaford.

Against this, the managing director of one prominent company says that "if groups aren't running into admin problems, they can't be doing very much business." And a major unit trust broker adds: "Megalunches are the real problem, but the system is clogging up in general."

In the past few months the Department of Trade and Industry has suspended authorisation of one new unit trust because of complaints about administration difficulties during an earlier launch by the same group. Authorisation was eventually granted following reassurances to the department by the management and trustee concerned.

The DTI was happy to let the UTA publicise this incident, "to encourage the others." It says the commonest complaint it receives is about delays in sending out unit certificates.

Administrative problems are not, of course, confined to the unit trust industry. The Stock Exchange recently announced tough measures to "persuade" member-firms to speed up settlement of bargains. Because of the sheer volume of business being done, however, it is not clear that the big stick approach will work.

The unit trust industry has raced ahead over the past 18 months. As the volume of business has mounted in pursuit of rising markets, groups have tended to think it can't go on for ever. They are reluctant to take on new staff and more powerful systems to handle a level of business which might subside.

But now for most companies administration is strained to the utmost. In January Commercial Union launched three new trusts. Its outside guess on the expected take was £100m. In the event, £220m flooded in during the launch period alone, and the group now has £365m under management.

Despite running its unit trust admin system 22 hours a day, it was taking up to 10 days to get contract notes to the public. With smaller backers the delay ran to weeks.

Two other groups have recently had to postpone the payments of distributions on unit trusts: Hill Samuel, having gone from £643m under management to £1.1bn over the past 15 months, ran into difficulties on three of its funds, which resulted in dividend payments going out about a month late.

The problem was a delay in registering transactions in order to keep the list of unitholders in each fund up to date. In other words, the group simply did *not* have an accurate list of whom to pay. The group puts the problem down to old computer systems; it says it is now "back on target."

The trouble with GRE's Growth Equity Trust was at the other end of the operation, and was directly related to Stock Exchange settlement delays. GRE knew which unitholders were due to get the distribution. The trouble was that it didn't know how much money it had to pay out.

The trust concerned has a fairly high turnover, and reached a point where the holdings on paper could not be confirmed because of the number of bargains which had not been settled. The problem was to some extent outside GRE's control; it has since strengthened its monitoring procedures.

In most cases, while admin problems create anxiety and inconvenience for unit-holders, they do not actually leave them out of pocket. Groups say they have not had a great deal of adverse feedback from clients; partly, they say, because they have been open about their difficulties.

The biggest problems face people relying on units for a substantial part of their income, or, in the case of delayed documentation, those wishing to sell before they get their certificates.

In practice, this should not be a problem: all unit-holders need is a renunciation form from the managers. Given that unit trusts are designed to be held longer than a few months, this should not be a difficulty for most people.

However, although few cases are actually publicised, there is much talk of the current difficulties within the industry, and the number of different causes of breakdown is in itself disquieting. There may not be nine tenths of an iceberg still to come, but it seems possible that further problems may surface.

Extra help for expats

A SPECIAL investment package for expatriate and non-resident investors has been put together by Chase de Vere Investments. The Expatriate Investment Portfolio divides investments into two equal parts: half goes into a Halifax Building Society account which pays a special interest rate of 12 per cent gross, boosted by a 1 per cent bonus provided by Chase de Vere taken from the commission it earns.

The second half is put into three managed funds of the Luxembourg-based Clerical Medical International: 50 per cent in the Growth Fund and 25 per cent in the Safeguard and Enterprise funds.

The package, says Chase de Vere, provides investors with the security of the biggest UK building society guaranteeing an above average return, while also taking advantage of the capital growth provided by equity funds.

The minimum investment is £10,000, which would then be split into two parts of £5,000 each. The building society account requires 90 days' notice to withdraw money without loss of interest, but you can have instant access without penalty if a balance of £5,000 and above is maintained. You can withdraw your Clerical Medical investment at any time, but since you pay an initial charge (the difference between the offer and bid price) you are likely to suffer a loss if you take your money out too soon.

Chase de Vere estimates that there are some 2.5m British expatriates, who invested more than £5bn last year.

Only since April 1986 have building societies been permitted to offer non-residents and expatriates accounts that pay interest gross, without the compulsory deduction of composite rate tax as with US accounts.

Paying interest gross gives the societies more room to manoeuvre in fixing rates and provides entry into an expanding market with the growth in the number of expatriates with large sums of money available for investment.

The smaller building societies tend to offer the most competitive expatriate investment accounts, but the rates vary widely according to the minimum amount and the length of time required to withdraw your money without losing interest.

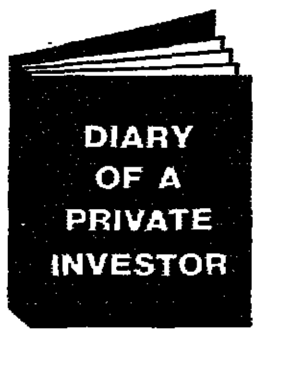
John Edwards

BEST BUILDING SOCIETY RATES FOR NON RESIDENTS

Building Society	Notice required	Minimum investment	Interest rate	Interest paid
Aid to Thrift	Instant	—	10.96 (11.26)*	½ yearly
Bury St Edmunds	Instant	1	11.00 (11.30)	½ yearly
Portman	Instant	500	11.25	Yearly
Lancastrian	7 days	2,000	11.25	Yearly
Hampshire	28 days	500	11.00 (11.30)	½ yearly
Mornington	28 days	1,000	10.97 (11.27)	½ yearly
Guardian	28 days	3,000	11.00 (11.56)	½ yearly
Loughborough Permanent	28 days	20,000	11.25 (11.57)	½ yearly
Birmingham Midshires	60 days	500	11.29 (11.60)	½ yearly
Scarborough	60 days	10,000	11.29	Yearly
Homesdale Benefit	60 days	500	11.00 (11.30)	½ yearly
Town & Country	60 days	10,000	11.00 (11.30)	½ yearly
Melton Mowbray	60 days	10,000	10.90 (11.46)	Monthly
Melton Mowbray	60 days	20,000	11.25 (11.85)	Monthly
Portsmouth	90 days	500	11.23 (11.55)	½ yearly
Peckham	90 days	500	11.30 (11.90)	½ yearly
Frome Selwood	90 days	20,000	11.64 (11.89)	½ yearly

* Compounded annual rate with income reinvested.
Source: Chase de Vere Investments.

Fear of the crash



THE London stock market increasingly seems to be influenced by rumours, trade figures, Wall Street, and amorphous "sentiment"—all of which indicate to me that a number of the City's "professional players" are nervous.

They are concerned, perhaps, that there might be a prolonged downturn, or that the funds under their management will perform less well than the stock market average. So what do they do? How can the private investors take advantage of their caution?

Wall Street closes after the London market has closed. If Wall Street has fallen sharply, the chances are that when the UK market opens the following day, market-makers will initially quote lower prices for most UK shares, believing that the market will follow Wall Street downwards.

Thus, if you want to buy UK shares and feel that Wall Street will perk up again, buy them the morning after Wall Street has fallen sharply. If you want to sell UK shares, then wait until around 3.30 pm when Wall Street has only been open for a short time but might, perhaps, have gone up again, encouraging UK shares to be marked up.

Some major US fund managers engage in "computer trading." Computers are programmed so that if the market falls generally or in a particular sector by a preset amount, then the computers will automatically issue orders to sell certain shares. Similarly, if the market rises by a pre-set amount, certain shares will be purchased.

There are all sorts of variations on these computer programmes, but what they probably all have in common is that for UK shares they apply only to the largest companies. I therefore feel a bit safer knowing that most of my shareholdings are in companies too small to be affected by orders from a US computer.

In Britain and the US, some fund managers have mostly "indexed" their funds. This means they have invested mainly in those companies that make up one of the stock market indices, such as the FT-SE 100 index. If the stock market drops dramatically, the fund managers can still produce a chart showing that their funds have not under-performed the FT-SE 100 index—mainly because that is what most of the funds have been invested in!

Indexation of funds appears to be a growing practice and so, perhaps, shares in the FT-SE 100 companies are stronger than they might otherwise be—until, of course, they get hit by the computer trading of the Americans. Larger companies like ICI and Shell are affected by such indexed funds.

Now put yourself in the position of a fund manager. The stock market drops in a day by, say, 50 points. If he is uncertain whether or not the market will continue falling, he will probably sell some of his holdings in large companies as those shares are easily traded and his selling will probably knock only 5p or so off those companies' share prices, since selling £1m of shares in a company worth £1,000m or more might not have too much effect. He can also probably buy back those shares at not too great a premium if the stock market starts to go back up again.

If he was to sell his holdings in small companies instead, the effect could well be dramatic, simply because his shareholding represents a greater part of those companies' capitalisations. He is, therefore, less likely to part with those shareholdings because by doing so he might have to accept a price well below the existing price, and if he later wants to buy them back, he might have to pay a large premium to do so.

If he feels the market is going to crash, he might want to sell a large part of his portfolio. But if he does that and his "feel" for the market proves wrong, his fund will be under-invested and will underperform. Therefore, simply fear of "getting it wrong" will, I believe, make the average fund manager hold on to shares longer than he might otherwise have done.

A private investor can be much bolder in his decision-making. If he gets it wrong only his broker and himself will know about it.

My own portfolio has a reasonable spread of medium to small company investments.

Should the market show a rapid decline that looks as if it will last six months or more, rather than be a "technical correction," I would not hesitate to sell nearly all my shares.

Kevin Goldstein-Jackson

Building society offers

DESPERATE FOR funds to finance their mortgage lending, building societies are still churning out bargain offers for investors. Many are giving interest rates above the bank base rate of 9 per cent, even after the deduction of composite rate tax.

Leamington Spa Society is paying 9.25 per cent net (equivalent to 12.67 per cent gross) per annum on its six months term share account. As the name implies you have to lock you money away for six months, and the minimum investment is £5,000.

This week Gateway Society launched a Superstar fixed one year investment account which pays 9.2 per cent (12.6 gross) but requires a minimum investment of only £1,000. Investors are guaranteed that during the one year term the interest rate will be maintained at 4.2 per cent above the society's basic investment share rate (currently 5 per cent).

You can get your money out within the first year, but you lose the equivalent of 90 days' interest on the amount withdrawn, so you should plan to hold your investment for a whole year.

Norwich & Peterborough Society is not far behind with a Premier Plus Account paying 9 per cent net (12.33 gross) and incorporating a guaranteed 4 per cent above the society's basic share rate. However, to get the highest rate of interest you have to put up a minimum of £25,000. For deposits between £5,000 and £24,999 the rate is 0.5 per cent lower at 8.50.

In both cases 50 days' notice of withdrawal is required to avoid loss of interest penalty.

City of London Building Society has increased the interest rate on its Gold Account by 0.35 to 8.35 per cent for deposits of £17,500 and above. The interest rate between the minimum of £2,000 and £17,499 remains at 8 per cent.

The special attraction is that you can take your money out at any time, without any loss of interest, so it is a good place to park money that you might need to use at an unknown time in the near future.

With the stock market looking a bit shaky, building societies are hoping to reverse the outflow of investors' money into shares, particularly the privatisation issues, which have hit them hard in recent months. There are certainly some attractive offers for investors requiring maximum return and no risk.

J. E.

Benefits of retirement

I shall take early retirement from my full-time superannuable lecturing post, shall receive a lump sum and shall start drawing my occupational pension. Some weeks later, in January 1988, I shall start a three-year, non-superannuable, part-time (two days per week) teaching post at the same University. This part-time contract finishes in December 1990 when I shall be 60. Thereafter I intend to cease all paid work, and live wholly on my occupational pension, supplemented eventually by my state pension when I reach the age of 65. I would be grateful for guidance on the following points. (1) Since I shall be unemployed for 5 weeks, should I sign on at the local Department of Employment Office after I cease fulltime employment on November 30, but before taking up my part-time appointment on 1st January 1988? (2) Am I eligible for any unemployment benefit during this period of "unemployment"? (3) Since my three-year re-employment contract next January is only for two days a week, am I entitled to any unemployment benefit, because I am not employed full-time, only part-time? If not, am I eventually entitled to unemployment benefit when my part-time work finishes in 1990 and I cease all paid work?

1. Yes—at least, this should maintain your contribution record (by credits).
2. The adjudication officer may consider that you are disqualified from benefit, on the grounds that you left your job voluntarily.
3. 1st question: Yes, in respect of the three days in which you do not work (subject, of course, to the question of disqualification).
   2nd question: When you reach the age of 60, your occupational pension will restrict your entitlement to unemployment benefit.

Deduction or reduction

The dividend vouchers for fixed interest investments, with the exception of preference shares, give a gross figure, an income tax charge at the current rate and the net value paid. The preference share, however, quotes only a dividend rate and a tax credit. Until recently the sum of the dividend rate and tax credit was equal to the preferance share percentage. But since the reduction of income tax from 30 per cent only the tax credit figure has changed so that tax credit plus dividend rate is now less than the preference rate percentage. Could you please explain what is the differance between tax credit and income tax deduction and what happens to *the money which the firms* appear to have saved.

Interest on loan stock is generally deductible in arriving at a company's taxable profit: the company deducts income tax from the interest (at the basic rate) and then pays that income tax over to the Inland Revenue. Dividends on preference shares, by contrast, are distributions out of a company's net profit after payment of corporation tax: all dividends (ordinary or preference) are paid without deduction of income tax, but they carry a tax credit linked to the basic rate of income tax. In years when the basic rate of income tax is below 30 per cent ordinary shareholders benefit at the expense of preference shareholders; in the years when the basic rate was above 30 per cent, the converse was true. This has been so since April 6, 1983, by virtue of section 46 of the Finance Act 1976 (which was retroactive).

This reply relates only to companies resident in the UK.

No taxation for Ireland

Is it correct that Republic of Ireland holders of the 9 per cent UK Treasury Stock purchased from Bank of England by a stockbroker can by completing UK Inland Revenue Form A3 have the interest paid without deduction of any UK Tax? I had completed Inland Revenue Form A3 on the instructions of my stockbroker when he was purchasing 9 per cent Treasury Stock 1994 for me, but the first interest cheque received by me has deduction of UK tax. My stockbroker informs me that this will be rectified by the time the next interest cheque is paid. Please clarify the tax position concerning holders in Republic of Ireland who have sent in completed UK Inland Revenue Form A3.

The explanation is simply that applications for exemption take time to process; it is quite rare for an A3 to be processed in time to catch the first interest payment after purchase. Provided that the completed form reached the office of the Inspector of Foreign Dividends before the interest payment date, you will probably be able to recover the UK tax without further formality—merely by sending in the tax certificate (quoting the FD reference number).

If you have not already done so, you should look at article 12 of the Ireland-UK double taxation convention: you will see that you need not restrict your choice of UK gilts to those covered by the A3 procedure.

Not a fiddle on CGT

After many years as a player with a leading London orchestra (on a self-employed basis) I had to retire two years ago at the age of 65, following an injury to my hand in a car accident. I now realise I will not be able to play professionally even on a part-time basis (as I had hoped) and I have sold my instrument for £18,000. It originally cost £130 and was bought in 1962. Do you think that I am able to claim exemption from C.G.T. under business retirement relief, since the instrument was undoubtedly a "tool of my trade" even if an appreciating one, and was not bought or held as an investment.

Yes; ask your tax inspector for the free pamphlet CGT 6 (1986).

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

CGT on house sale

In 1980 my wife and I moved to another part of the country to be near my daughter and her family in Dorset. Two years later, because my son-in-law's occupation took him to the US we sold our house, in July 1982, and moved into their home to take care of the property in their absence.

As they were due to return in 1985 we purchased a property for ourselves, in February of that year. But, as it became necessary for my son-in-law to extend his stay in the US we remained in occupation of their home. A colleague of my son-in-law, hearing of the position we were in, asked if he could rent our property temporarily while their new home was being completed. After carefully informing this gentleman, in writing, that we had no intention of letting, but because of his connection with my son-in-law, would be prepared to assist by allowing him a short-term tenancy, we agreed a period of six to eight months.

The tenancy commenced in June 1985 and ended in February 1986 and we moved into the property ourselves, when my daughter and family returned in August 1986.

As we are now contemplating moving to Australia I should be grateful if you could advise me whether, in the circumstances, we would be liable for capital gains tax on the sale of our property. If we moved to Australia would we be liable for income tax in the UK on our state pensions.

On the limited data provided, we can only say that there will be a measure of relief from CGT on the sale of your home. Ask your tax inspector for a copy of the free explanatory pamphlet CGT4 (Owner occupied houses). The solicitor who acts for you in the sale will be able to guide you through the CGT maze: all good solicitors are prepared to advise on the taxation consequences of domestic property transactions, as an integral part of their conveyancing service.

At the same time, you could ask your tax inspector for a copy of the free explanatory booklet IR20 (Residents and non-residents: liability to tax in the UK). Your national insurance retirement pensions should escape UK tax after you *cease to be resident in the UK,* by virtue of an unpublished extrastatutory concession or by virtue of article 14 of the Australia-UK double taxation agreement (which is being re-negotiated).

Play the mortgage relief game

EVERY YEAR about February or March, rumours start spreading *that the Chancellor is going* to withdraw mortgage interest tax relief, if not in total, at least for the higher rates of tax.

Every year — so far — taxpayers breathe a sigh of relief and hope that not too much attention will be paid to statements made in the Commons during the year — such as the recent statement made by Norman Lamont, Financial Secretary, that he is opposed to any increase in the £30,000 mortgage relief limit.

Or, for that matter, to proposals by various interested bodies — like the Association of Metropolitan Authorities' call for abolition of mortgage interest relief and housing benefits, to be replaced with a housing allowance and a means tested top-up housing benefit paid to all householders.

The irony of the present relief is that you don't need a mortgage to get it. It is not a condition of the relief that your house is offered to the lender as security for the loan.

What is necessary is to convince the Inland Revenue that the loan was used to buy, improve or develop your only or main residence or to repay a loan used for these purposes. It is not a question of whether you need the additional money but rather that the additional money from the loan is used for this purpose.

Therefore, if George and Matilda wanted to retire to Rose Cottage after cruising round the world they would be better advised to put the money aside for their cruise and borrow up to £30,000 to buy Rose Cottage than to buy Rose Cottage with a reduced loan and borrow for the cruise.

Naturally, George and Matilda will want to know whether they can claim mortgage interest relief during their absence. Technically, while they are cruising they will not be using Rose Cottage as their main or only residence.

However, the Inland Revenue overlooks temporary absences of up to one year provided the property was used as the only or main residence before departure.

Therefore, George and Matilda should not delay their move to Rose Cottage until after their cruise but should move in and live in Rose Cottage for a while before cruising.

If the cottage is a bit run down and they are considering a loan to do it up (which will not raise their total borrowing to over £30,000), they should do the repairs before they go away or get a surveyor to prepare a schedule of dilapidations on purchase.

Loan interest will qualify for relief if it is used for the improvement or development of

Personal Taxation

your main or only residence. This does not normally include repairs — work resulting from wear and tear—unless it is in respect of dilapidation during a period before purchase.

The Inland Revenue has a list of works it considers qualify as improvements, as opposed to repairs. These include insertion or renewal of a damp proof course, renewal of electrical installation, installation of double glazing and the erection of garages, garden sheds and greenhouses.

Like capital gains tax relief, interest relief is available only on a loan used for your main or only residence. Unlike the capital gains tax relief, however, if you have more than one residence, you cannot elect which one you want the Inland Revenue to treat as your main residence.

It is the house which the Inland Revenue, posing as the man on the Clapham Omnibus, considers your main residence.

So if Harriet and Jonathan live and work in London and their house was inherited by Jonathan from his grandmother, they will probably not get relief for interest paid on a loan used to purchase their weekend cottage in Dorset.

It is possible to get full relief on two houses but only by Inland Revenue concession when you purchase a new, only or main, residence while you are waiting for the previous residence to be sold. Where a couple, each owning their own home, decide to sell on marriage and buy a third home in their joint names the Inland Revenue will allow full relief on all three homes. But the double or triple reliefs will be given only for a period of up to 12 months unless the Inland Revenue can be persuaded to give you a longer period if it thinks you have a good enough reason.

At present, interest paid on a "mortgage" of up to £30,000 can be deducted from your income—from whatever source. It therefore makes no difference whether your income is from rents, employment or investments—you will still get the deduction. Further, the deduction is not just effective on basic rate tax (up to 27 per cent) but for higher rates of tax as well (over 27 per cent and up to 60 per cent).

Before Miras (mortgage interest relief at source) the relief was given direct, either through your PAYE code or through your income tax assessment. After Miras, basic rate tax relief on most interest payments is a matter to be sorted out between your lender and the Inland Revenue, but not between you and the Inland Revenue direct.

So if George must pay his building society £100 per month, under Miras he need pay only £73 (£100 less basic rate tax at 27 per cent) and keep the £27 as his basic rate tax relief. The building society, on the other hand, must accept the £73 instead of the £100, but can recover the extra £27 (his basic rate tax) from the Inland Revenue.

This means that whenever the interest rate or basic rate tax rate changes the building society has to sort it out rather than the Inland Revenue.

You must remember, however, that Miras does not operate for higher rates of tax. Relief against higher rates of tax is given by the old method, through your PAYE code or by an income tax assessment.

Caroline Garnham

Growing old safely

TEN PER CENT off the cost of your house contents insurance if you are 55 or over; this is the latest offer from Commercial Union Assurance under its new house contents insurance policy, Home Plan.

House contents insurance has changed out of all recognition over the past decade. The days are gone when every policy was a standard contract where householders paid a universal premium rate of 25p per £100 insured.

Now the premium depends on a variety of factors—geographical location, the security measures taken by the householder or the insurance company chosen—as underwriters try to assess the risk of the house and charge the appropriate rate.

Premium rating based on postal codes is now universal. Discounts for fitting not only alarms but also security locks on doors and windows have become common, too. Insurance companies have abandoned any attempt at maintaining a common rating system.

Data storage on computers now enables companies to bring many more factors into their assessment. Some now ask for the age of the householder—though, unlike with life assurance, they do not ask for proof of age.

The CU, in a pilot scheme run from the beginning of the year with the Bristol and West Building Society, found there were fewer claims from older householders, hence the 10 per cent discount now offered nationally. Other insurers, by the way, have not yet discerned this trend.

Another CU claim is that householders tend to underestimate the cost of replacing their contents and so underinsure. So under Home Plan the sum insured is fixed according to the number of bedrooms in the house or flat, ranging from £14,000 for one bedroom to

£25,000 for four bedrooms. The company claims that these sums are representative of the value *of the contents.*

Under Home Plan the householder has no say in the sum insured. At least this avoids the hassle of trying to value the contents—a task that few carry out properly.

Householders who feel that the value of their house contents is more than the fixed sum can use CU's normal house contents policy.

Indeed, they would be particularly well advised not to use Home Plan. CU would not pay out more than the sum insured; this warning is given prominence in its literature.

However, the danger is not so much from under-insurance with this plan as from householders paying *too much* for their cover.

Householders living in the same type of accommodation are certain to have widely differing possessions of widely different value. CU fixes its sum insured at a high level; if it took a true average figure, then half the households would be under-insured.

Home Plan has the now standard 15 per cent premium discount for security alarms being fitted, together with a free legal advice service and Homecall, the 24 hour Emergency Help Service. For some reason Homecall is not available on the age discount; but the old folk do get a free first aid kit.

Eric Short

CHESS

OVER THE years, many British chess experts have specialised as White or Black in favoured lines for or against the Sicilian Defence 1 P-K4, P-QB4. Initially this occurred in the fashionable Dragon variation, where Black's pawn structure Q3-K2-KB2-KN3-KR2 resembles the outline of the mythological beast. Later there were advocates of the 2 P-QB3 attack, of the Grand Prix 2 N-QB3 followed by P-KB4, and of the Svenshnikov system for Black based on an early P-K4.

The most recent British concept is an attacking plan derived from the Dragon to combat a wider range of Sicilian formations. The basic idea is a pawn grouping at K4, KB3, KN4 and KR4 for White to dislocate Black's minor pieces and break through by direct play against the defender's King. Often White castles long and develops queen at Q2, bishop at K3 or KN5.

Chandler and Nunn, our Olympic silver medallists, are pioneers of the new system, while Nigel Short scalped world champion Kasparov in Brussels. Perhaps already the line ought to be called the British Attack. This week's game shows the strength of their idea when Black fails to respond actively.

1 P-K4, P-QB4; 2 N-KB3, P-Q3; 3 P-Q4, PxP; 4 NxP, N-KB3; 5 N-QB3, N-B3; 6 B-KN5, P-K3; 7 Q-Q2, B-K2; 8 0-0-0, NxN; 9 QxN, 0-0; 10 P-B3.

White used to prefer 10 P-B4 in similar positions. Now Black starts a cumbersome attempt to gain counterplay along the QB file, but P-QR3 with Q-R4 looks more natural.

10 . . . P-K4; 11 Q-Q2, B-K3; 12 K-N1, R-B1; 13 P-KR4! R-B4; 14 P-R3, Q-N1; 15 B-K3, R(4)-B1; 16 B-Q3, P-QN4; 17 N-Q5! BxN; 18 PxB, B-Q1; 19 B-KB5, R-B5; 20 P-Q3, R-B2?

Black should try P-N5! so that if 21 PxR? PxP ch and mates, while if 21 P-R4, R-B6. As played, White's thematic pawn advance quickly breaks through.

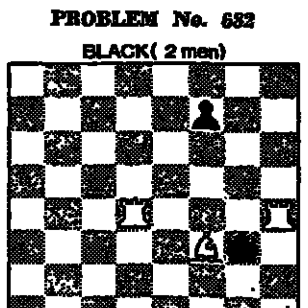
21 P-KN4, P-N3; 22 B-R6, R-K1; 23 P-R5, NxQP; 24 QxN, PxB; 25 PxP, K-R1; 26 KR-N1, P-B3; 27 B-N7 ch! RxB; 28 RxR, Resigns.

Black will soon be mated by 28 . . . KxR; 29 R-N1 ch, when if K-R1; 30 Q-B7, or 29 . . . K-R3; 30 Q-Q2 ch or 29 . . . K-B1; 30 R-N8 ch.

The annual Kleinwort Grieveson British Championship starts at Swansea on Monday, with Nigel Short favourite to win the title. Lloyds Bank follows on August 22-31, then the King Fahd Trophy, with a record £100,000 prize fund, in London on September 1-11. Chess will also be back on television with the BIS Group British Speed Championship, to be filmed on August 17-20.

PROBLEM No. 682

BLACK (2 men)



WHITE (4 men)

BLACK (2 men)
WHITE (4 men)

White mates in four moves, against any defence (by K. Junker). A bare setting, where Black is down to a king and a pawn while White's rooks and bishop are co-ordinated for a final attack. Against this, White's key move is decidedly obscure, so 20 minutes is a good solving time.

Solution, Page XIII

Leonard Barden

BRIDGE

THE European Championships are being held in this country for the first time since 1981. The opening ceremony takes place today at the Brighton Centre. For further information ring David Parry 01-882 3805.

To keep in the swing, let us look at a hand from the European championships of 1975, also held in Brighton. Britain was playing Sweden.

```
              N
          ♠ A K J 9 3 2
          ♡ 5
          ◇ A 7 6 3
          ♣ 4 3
   W                    E
♠ Q 7 4             ♠ 10 8 6 5
♡ Q 10 8 4 2        ♡ K 9 7
◇ —                 ◇ Q J 9 2
♣ Q J 10 9 5        ♣ K 8
              S
          ♠ —
          ♡ A J 6 3
          ◇ K 10 8 5 4
          ♣ A 7 6 2
```

With neither side vulnerable South dealt and bid one diamond, North replied with two spades, South rebid three clubs, and North said three diamonds. South now bid three hearts, North said three spades, and South said four clubs. Now North jumped to five diamonds, and South went to six.

In room 1 with Sweden North-South, West led the queen of clubs, South won, cashed the ace of hearts, and ruffed a heart in dummy. He then cashed the ace and king of spades, discarding clubs, and ruffed a spade in hand.

Hoping the trumps were 3—1, he played his king of diamonds, but the 4—0 division defeated the contract.

The British declarer played better. He won the club queen, and led a diamond to the ace, to learn the bad news. Now he cashed two top spades, throwing clubs, ruffed a spade, cashed the ace of hearts, and ruffed a heart. The knave of spades was made, on which the declarer threw his last club, a club was ruffed in hand, and a heart on the table, to leave a three-card ending. Another spade was played, and East, whose last three cards were queen, knave, nine of diamonds, was trapped. South, holding knave of hearts and king, ten of diamonds, would overruff if East played his nine, and discard his heart if East ruffed high, leaving himself with a winning tenace.

Now for a hand of more recent vintage from rubber bridge:

```
              N
          ♠ 8 5 3
          ♡ J 7 6 4
          ◇ A K 8
          ♣ A J 3
   W                    E
♠ A Q 6             ♠ J 10 9 4 2
♡ 10 3              ♡ 5 2
◇ Q J 9 5           ◇ 10 6 4
♣ K 10 9 7          ♣ 8 4 2
              S
          ♠ K 7
          ♡ A K Q 9 8
          ◇ 7 3 2
          ♣ Q 6 5
```

With North-South vulnerable, West dealt and bid one diamond. This was followed by two passes, South reopened with one heart, North raised to three hearts, and South went on to four.

Taking West's diamond queen with dummy's king, the declarer drew trumps with ace and king, and finessed the knave of clubs. When this held, he cashed the ace, and led a third round of clubs to queen and king. West led the nine of diamonds, the ace won, and the eight was led back. East won with his 10, and the knave of hearts defeated the contract.

Declarer must hold up at the first trick, allowing the diamond queen to win in order to ensure the endplay. He takes the next diamond, draws the trumps, finesses the knave of clubs, cashes dummy's remaining diamond honour and the ace of clubs, and exits with a third round of clubs. Now West is really endplayed, and forced to set up the declarer's heart king or concede a ruff and discard.

Not difficult, but many declarers would miss the vital hold-up.

E. P. C. Cotter

Christina Mackenzie visits a bullfight in southern France's corrida region

Olé, Monsieur le Matador

WHEN Ernest Hemingway wrote his bullfighting book Death in the Afternoon in 1932, he carefully pointed out that "prospective spectators are warned not to take seriously any bullfights held in France, Central or South America . . . ."

Between 1815 and 1965 France produced only two matadors of any significance. But today there are nine, some of whom are highly regarded in Spain. According to Spanish experts, the French bullfighting public is also more discerning and appreciative than the Spanish, which has turned its traditional interest to football.

Luis-Miguel Dominguin, one of Spain's great matadors, whose family has been in the business for 300 years, is widely quoted as saying that the corrida's future lies in France. It is certainly a booming business in southern France's corrida region, which stretches from Vichy in the north to Bordeaux in the west and Fréjus to the east. Yet ask any French northerner about bullfighting in his country and you are likely to be told: "Ah, but we do not kill the bull here."

How wrong he is.

Bullfighting in France is identical to bullfighting in Spain, and has been so for hundreds of years. One of the earliest records of a corrida "in the Spanish fashion" dates from January 17 1701. That fiesta was held in Bayonne, in honour of the Duke of Anjou, Philip V of Spain.

For two centuries the Gascons managed to foil attempts to abolish the sport. In 1766 the Duke of Richelieu thought he had succeeded, but seven years later admitted defeat, saying that he could not battle against "the widespread, dominating taste that the people of Armagnac have for this sport."

It is a taste they still have. I attended my first bullfight in Nimes, which along with Arles and Bayonne is considered one of the roots of French bullfighting's renaissance. Nearly every shop window displayed a brightly coloured poster announcing the *Feria des Vendanges*, the wine-harvest fiesta which is traditionally the last of the season.

It was a sunny, late September day with a chilly, swirling wind. But it was warm enough sitting at an outdoor cafe, eavesdropping on the waiters and black-bereted regulars who were less interested in serving or consuming coffee than in discussing that afternoon's fight in a typical mélange of French and Spanish.

By 2.30 the crowds were jammed outside the gates of the great Roman amphitheatre and by 3.55 the 2,000-year-old arches were echoing with the impatient whistles and catcalls of 14,000 spectators.

Corridas in France are family affairs. Small children and grandparents, young couples and the merely curious—all are out for an afternoon's entertainment.

In each corrida three matadors fight two bulls each, aided by a *cuadrilla* of picadors and banderilleros. But the extraordinary thing is that, unless the matador is very famous, the bull is usually the star. A connoisseur knows that no bullfighter—however talented—can give much of a show if he is fighting a weak, cowardly bull, so the *ganaderia* or bull-fighting farm must provide strong courageous bulls if it is to stay in business.

Just after 4.00 the ring was cleared, a small gate was opened, and the bull came galloping in—huge, powerful and exactly like those prehistoric drawings of his ancestors. "Don't forget he's also stupid," I'd been warned previously. "He'll charge anything that moves. In a field he'll charge the falling leaves and not the tree, so the matador must be the tree and his cape the leaves."

Christian Montcouquiol, 31, known as El Nimeño II, is France's best matador and ranks about 15th in the world. He swirled his five-kilo pink and yellow cape, letting the bull's horns almost touch him every time it passed. This first part of the fight is designed to discover how the bull charges and with which horn he likes to lead.

Then out rode the picadors, their legs protected by steel armour, their horses wrapped in mattress-like padding, blindfolded and with string tied around their ears.

This protection, however, seemed to me hopelessly inept given the bull's advantage of speed and mobility. The idea is to let the bull charge the horse so that the picador can pierce him on the hump of muscle behind the head with a long wooden steel-tipped shaft, thereby slowing the bull without undermining his strength or instinct to charge.

On several occasions the bull managed to knock the horse over, and though I was sure that I was about to witness a horrible carnage of man, horse and bull, the bull obviously thought that he had won this stage of the fight, and turned away to concentrate on the banderilleros.

In this case Nimeño II had chosen, as he frequently does, to be his own banderillero.

The man, armed with only sprinter's legs and a couple of 70cm-long sharp sticks wrapped in bright paper, must place these just beneath the bull's skin in such a position as to correct the animal's charge.

A few times the banderillero could only manage to place one and then had to turn and seek refuge behind the wooden partitions at the edge of the ring. I did not join the booing and whistling.

For the third and final stage of the fight, the matador swaps his large cape for a small *muleta* of scarlet cloth — scarlet not because the bull finds this colour particularly irritating (he's colour blind) but just because it's bright and colourful.

He executed some very daring passes designed to tire the bull, and the crowd loved it. Suddenly, the bull seemed to have had enough. He just stood still, mesmerised by the slow pendulum movements of the *muleta*. When the matador was satisfied that the bull's head and feet were in the correct position, he poised over it with his sword and drove in over the horns. And disaster struck.

Instead of keeping the *muleta* low, he raised it as he plunged and the bull lifted its head to follow the movement of the cloth. The matador was tossed clear and on to the ground. By the time the crowd's gasp had stolen away, the *cuadrilla* had raced in to distract the animal's attention from the heap at its feet. Miraculously, the heap stood up, glanced at the rip in his leg, and with a shrug brushed himself down and killed the bull.

I concluded that those who wish to see the corrida in France banned are as unlikely to succeed in this century as they did in the previous three. As one of the directors of the Nimes arena put it: "Let those who want to ban bullfighting do something about the wars, murders and cruelty among human beings. When we live in a perfect world, then we'll see about banning the corrida."

● Tickets for the Nimes corridas can be bought at: Bureau de location des arènes de Nimes, 1 rue Alexandre Ducros, 3000 Nimes, France. Tel: 66 67 37 93. Prices last year varied from FFr 60 to FFr 280. There will be 12 corridas in Nimes this season—one of the most important is on September 27. I also strongly recommend that you read Hemingway's book before you see your first corrida—it will make all the difference between a gory kill and an artistic spectacle.

Stuart Marshall on a superb new BMW

£53,000 but no radio

WHO WOULD have thought that the first European manufacturer to fit a car with a maximum speed limiter would be BMW?

One of the functions of the V12-engined BMW 750i's electronic system, which has twice the power of a personal computer, is to stop owners driving it at over 155 mph (250 km/h). "Ultimate road speed has never been an isolated BMW development target, but merely one element in the full spectrum of performance data we consider essential." That was how Eberhard von Kuenheim, chairman of BMW's board, explained the decision, at the launch of the 750i in Hamburg last week.

The 300 horsepower developed by the 750i's 5-litre engine would probably provide a maximum speed of more than 160 mph (say 260 km/h) if unrestrained. "But we wished to avoid any risk of endangering its character as a luxurious grand touring car. For this reason we felt justified in imposing this voluntary limit on its ultimate performance," said von Kuenheim.

People who judge a car's merits by looking at tyre-smoking standing start acceleration times and flat-out maximum speeds obtained on test tracks may find BMW's attitude hard to understand. I do not. It is eminently sensible because theoretical performance and practical possibilities are worlds apart.

When I drove this magnificent BMW on the autobahn heading north toward Denmark from Hamburg, it was difficult enough to sustain 130 mph (210 km/h) for longer than a few seconds, so dense was the traffic. I am convinced that this Gadarene rush by some car makers to claim ever higher, unusable maximum speeds is unrealistic and will eventually be self-defeating.

Outwardly the 750i looks exactly like the 730i and 735i, apart from a slight reshaping of the bonnet top to accommodate the V12 engine, which is the German motor industry's first in half a century. Good though the 730i and 735i are—and they are arguably the best top management cars in the world today—the 750i and the longer wheelbase 750iL are even better.

They bristle with intelligent innovation. To put the 300 horsepower safely on the road through two driven wheels, the 750i has an anti-wheelspin system which BMW calls ASC (for automatic stability control) as standard. ABS anti-lock brakes are, of course, part of the package. So is yet another electronic system, which prevents engine drag caused by a suddenly released accelerator from making the rear wheels slide on a very slippery surface.

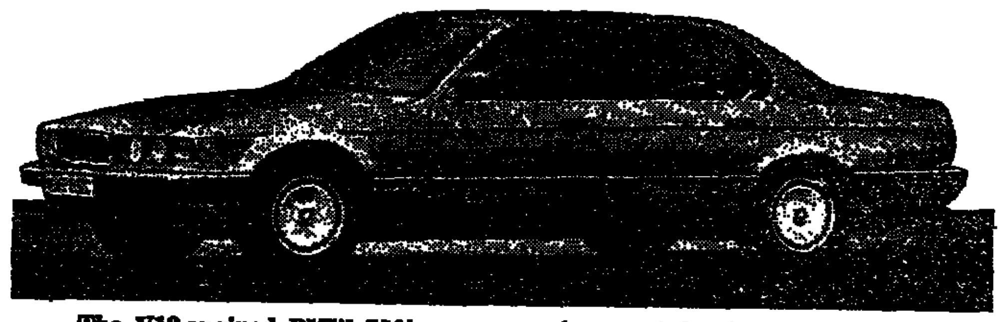
Yet more electronics replace the mechanical link between accelerator pedal and the fuel injection system. What it all adds up to is a car that surpasses all rivals for sheer silky smoothness of operation coupled with apparently limitless power.

With the 4-speed automatic transmission set in economy mode, the 750i gets into top as fast as possible and cruises at 90 mph (145 km/h) with the tachometer showing only 2,750 rpm.

Foot hard down, the transmission holds third gear to 112 mph (180 km/h) before changing up. For a quick burst of acceleration, it will kick down into third at 80 mph (129 km/h). The V12, which hums softly when working hard, is all but silent when cruising. Wind noise is minimal and there is hardly any tyre rumble to disturb those who ride in this magic carpet of a car.

The 750i goes on sale in Germany next month at DM 102,000 (about £34,350) or DM 119,000 (£40,000) for the super luxury 750iL, which has a slightly longer wheelbase to give rear passengers even more legroom. This is the only model that will be brought into Britain, starting in November.

The UK specification has not been finalised. It will not include catalytic exhaust emission controls or a radio, but everything else the most demanding motorist could possibly ask for will be part of a package, provisionally priced at £53,000. Only 200 of these 750iL special equipment versions will be imported each year to round off the 7-Series range. The entire first allocation has been pre-sold.



The V12-engined BMW 750i . . . a magic carpet for top management

Under pressure to shift the dirt

FOR THE PAST few weeks I have not had to depend on the miserably inadequate public car wash facilities in the Tunbridge Wells area. I have had the use of a KEW-Hobby pressure washer which is rather better than the £1 a time hand-held machines at garages.

Plugged into a 13-amp socket and a domestic hose-pipe, it delivers two gallons (9 litres) of water at 66 bar (nearly 1,000 lbs psi) per minute. As a fine mist, it cleans a car like magic.

Accessories include a rotating brush for dealing with large surfaces like caravans, and injectors for detergents and waxes. Adjusting the nozzle produces a jet that clears away moss from paths and strips paint from woodwork.

At £299 one would not buy a KEW-Hobby just to wash the family cars, but it has dozens of uses around the house and garden.

Another aid to car cleaning is to use a polish that prevents dirt from sticking to the paintwork. Diamond Glaze is an American product, available in Britain for about £12. It is a two-stage treatment—a conditioner to restore the shine by removing dead pigment and a sealant to protect the surface.

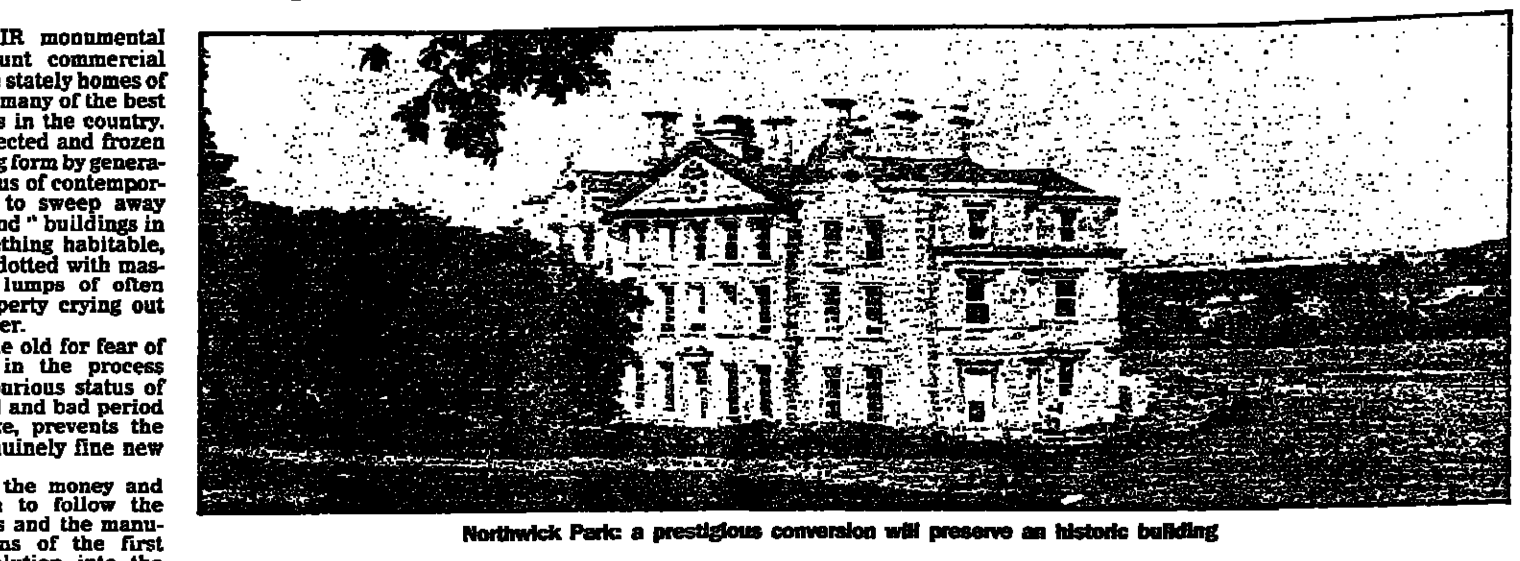
You could think of it as a do-it-yourself equivalent of the professional paint treatments that cost about £50. It is said to protect the paint from weathering, bird droppings and so on for several years. Time will tell, but it goes on easily and its water repellent qualities are obvious. Call Leroco at Crayford, Kent (Tel. 53316) for further information.

S. M.

Country Property

PROPERTY

Many houses inside the mansion



Northwick Park: a prestigious conversion will preserve an historic building

John Brennan argues that division into flats is the best way to save country houses

FORGET THEIR monumental status; the blunt commercial truth is that the stately homes of England sit on many of the best greenfield sites in the country.

Graded, protected and frozen into unchanging form by generations too nervous of contemporary architects to sweep away mediocre "grand" buildings in favour of something habitable, the country is dotted with massive decaying lumps of often jerry-built property crying out for the bulldozer.

Preserving the old for fear of the new and in the process extending a spurious status of quality on good and bad period properties alike, prevents the building of genuinely fine new mansions.

No-one with the money and the inclination to follow the landed families and the manufacturing barons of the first industrial revolution into the expensive business of country house building can do so without a suitable site. And county planners are not keen to let developers carve out large slices of scenery to let an architect loose with the brief to build a major new house.

It is open to the imagination to wonder what the historic buildings inspectors will be trying to preserve 100 years from now when they review larger 1987 houses. Authentic aluminium boiler flues, single glazed soft wood windows and ersatz tiles may have acquired a certain rarity value by then, but the odds are that those charged with policing historic building regulations will be stuck with a choice of preserving 1987 neo-Georgians, neo-Queen Annes, neo-Victorians, neo-Olde English Cottages . . .

In the meantime those stately piles that have not fallen down or remained within the tax-advised ownership of the really rich, nor been adopted as scrupulously maintained pensioners of the National Trust, corporate headquarters buildings, health farms, bases for well-heeled religious orders, or drying-out clinics are likely to have become the target for hopeful residential developers.

It is the site rather than the building that provides the real attraction for developers; but it is the building that normally causes the problems.

At first sight, a rambling residential monster that has had centuries to mature into the landscape can look an irresistable bargain. Asking prices for the largest country houses tend to appear low in comparison to more compact period houses, since they are normally far too big to sell to a single private buyer. When they get rundown any farmland will generally have been sold away.

But what really makes these residential white elephants worth hunting is that developers can normally expect special treatment when it comes to applying the planning rules.

The quid pro quo for undertaking the restoration of a major old house where there's no chance of getting permission for a conversion to commercial office use is normally a generous planning consent for a high density of saleable homes in the completed scheme.

Comparatively low entry costs have drawn a number of under-funded local builder/developers into the country house conversion business over the years. The trouble is that an undue number of those schemes have involved little more than a basic sub-division of the property, with only the veneer of a genuine restoration and rebuilding programme.

Some developers have got away with a skin-deep remodelling job, selling to people whose enthusiasm for owning a sliver of grandeur overcame their surveyors' warnings about maintenance costs. But others have been crushed by the costs. For every historic house bought, developed, and resold in parts, there have been as many that have landed enthusiastic amateurs in the bankruptcy courts.

Many more have resulted in a distressed sale when budget over-runs finally exhausted the patience of the builder's bank.

As inspection of the standards of historic building renovation works has become more efficient no developer tackling a formally listed property can hope to cut corners anymore. So it is only rising house prices, and second home buyers' consequent willingness to pay more for quality, that has saved this specialised form of residential development from extinction.

A new flat in an historic house may well cost substantially more to buy than the entire palace cost to put up a few centuries ago. But the odds are that the new space carved from within the old will be finished to a better standard and more comfortable than the parent building ever was.

At Northwick Park near the Cotswolds village of Blockley in Gloucestershire, John Everritt's New Cavendish Estates is tackling a stately home redevelopment that illustrates what has to be done before the sales agents can start showing prospective buyers the views and the fitted kitchens.

Northwick Park is a late 17th and mid-18th century Palladian mansion that owes its main facade and most of its extensions to the architectural efforts of Lord Burlington. It was home of the Rushout family, the Lords Northwick, until just before the Great War when George Spencer-Churchill, grandson of the last lady Northwick, inherited the property. The house became home to his vast art collection until his death in the early 1960s. After a number of years as a clinic, the fast deteriorating Northwick Park was bought by a developer, who died before his plans for redevelopment could be put in hand.

Last July New Cavendish took on the house and 19-acre site, which has since been brought up to 35 acres of grounds by the purchase of adjoining fields.

The purchase deal allowed New Cavendish to stage payments for the house, so its project entry and financing costs have been kept to a minimum.

The scheme is a good example of the scope for creative planning. Faced with the option of watching a major Grade 1 listed house fall down bit by bit, the planners consented to a 68 houses and apartments scheme. That is the kind of density in a prime Cotswold site that housing estate developers dream of.

What would be more likely to give the developers nightmares is the work on the house itself. "After taking the slates off the Orangery we found beetles and wet rot in timbers that the Heritage Trust insisted had to be preserved," says Everritt. "We have to have craftsman stonemasons on site to carry out the restoration and cleaning, there is the cost of putting slate back onto every single roof, having repaired or replaced the roofs as you go along . . ."

Two kilometres of private road had to be built to link the house to the main road, sufficient to handle contractors' traffic. There is garaging to build for all the flats and houses, as well as a visitors' car park. Since all the new buildings by the main house have to fit within the "footprint" of the existing outhouses, even the minor domestic buildings around Northwick Park's walled garden have to be restored to maintain the balance of the property as a whole.

"It is difficult to tell what the costs of renovation are until you get inside and uncover the problems," says Everritt. And since historic building controls restrict the areas of the main building that could be fully gutted and rebuilt inside the facade, there are all the extra costs of restoring on site rather than replacing interior features.

"Costs," he says, "would be at least £50 a sq ft and upwards, up to £90 a sq ft in places, but it's difficult to generalise."

The gallery and coach house were two parts of Northwick Park main buildings that could be rebuilt inside their 18th century stone walls, and so they became the first, nine-house phase of the project.

Vertical division of the one- to four-bedroom homes created inside the buildings made it possible to offer them as freeholds. "That," says Everritt, "is what we believe that people prefer, and we are doing that in all the other parts of the house, apart from the mansion itself."

Phase two will be 16 two- three- and four-bedroom freehold houses in the north wing, the stables, the dovecote and the other wings of the house.

Phase three will be the 10 leasehold flats in the restored mansion, where New Cavendish will be creating a Grade I condominium by selling proportionate shares in an owning-management company along with the leases.

Phase one priced the 800- to 1,500-sq ft houses from £88,500 to £145,000. Joint agents Jackson-Stop & Staff (0386 840224) and Lane Fox (0295 710592) will be marketing phase two in the autumn, and the main house apartments should be on the market by next summer.

An hour and a half's rail run into Paddington from the nearest main line halt, at Moreton-in-the-Marsh, makes Northwick Park an unlikely commuter base. And although the soon to be extended M40 puts central London not more than a couple of hours' run away, and Birmingham no more than 45 minutes, Everritt thinks that the real appeal of the park is to second home buyers and investors.

"There is an enormously strong second home market in the area, and there's a strong demand from people who want to retire to that part of the country as well." As for the investors, Everritt says that in and around the village of Blockley there are over 200 houses to let. "Chipping Campden and Blockley are both a few miles from Northwick Park and they're right in the middle of the Cotswolds, where it is all second homes and weekend homes, and with the M40 on the way people are buying as investments because its bound to be good for prices."

Some of the former owners of Northwick Park would certainly look upon New Cavendish's running battle with the rot and the beetles, and its painstaking preservation of both main buildings and former outbuildings, with a wry smile. Their approach to historic buildings tended to be signally more robust. Today's gently rolling landscape looks as it does because the Rushouts put up their park borders around the old common land, privatised the historic grazing rights and, just to settle matters once and for all, simply cleared away the houses of the former Northwick village.

That kind of village demolition was a common enough way for local squires to tidy up their view and keep it exclusive. So by sub-dividing stately homes, developers are not just restoring the buildings, they are opening up the sites to a wider public once more. That's not an argument that would carry much weight with a planner. But to judge by pre-sales of units at Northwick Park, it's one that appeals to buyers.

• PROPERTY •

The Med's Emerald Isle

Cheryl Taylor praises the restraint of plans to develop the Sardinian coast

LORD NELSON, a noted jet-setter, knew a thing or two about Mediterranean islands and Sardinia was one of his favourites. The British fleet, with Nelson on board HMS Victory, lay off the island, around La Madelena in 1804, before the great chase that ended in Trafalgar.

Even with only one good eye, Nelson could detect the potential of Sardinia. From his vantage point in the north-east—an area now known as the Costa Smerelda, named for its emerald seas—lay a breathtaking vista of the islands.

Here, the sea constantly changes from purple to light blue and then to translucent green and rich turquoise. On the horizon, Corsica gleams over the straits of the Agincourt Sound—they say on a quiet day you can hear the cocks crow in French.

Lady Hamilton, however, preferred Minorca, and the Admiralty had its sights set on Gibraltar or Malta, rather than Sardinia, for its Mediterranean base. So, Nelson's dream of dropping permanent anchor in Sardinia was not to be.

Another young man's dream did come to fruition, 180 years later. But, the Aga Khan's involvement with Sardinia was not love at first sight.

The story of the Costa Smerelda began 25 years ago when the young Aga Khan was persuaded by some friends in the banking world to invest $25,000 in buying 7,400 acres of rugged granite-backed coastline, sprinkled with silver sand coves, in the unspoilt north-east of the island. The idea was to form an exclusive consortium which would build holiday homes there for its members.

But the story of the Costa Smerelda almost came to an abrupt end right there. The Aga Khan's first visit to the island during the winter of 1958 was very nearly his last.

After a harrowing sea crossing, followed by a sleepless night in a run-down hotel next to the railway line, he was hardly in a mood to appreciate four hours in an open-topped jeep and on foot, lashed by wind and rain, before arriving at the area in which he had invested so heavily.

Once there, he was scarcely able to identify the land he had bought. There was no fresh water, no electricity or telephones within miles, and any sign of human habitation had long since departed except for a few shepherds' huts. His Highness was not amused and vowed never to return.

Despite his reservations, he was somehow persuaded to go back the following spring. The sun was shining, the sky was clear and blue, the countryside was ablaze with yellow flowers and the sea had a tantalising sparkle. The Aga Khan was hooked.

Now 25 years and £450m later, the Costa Smerelda is a glittering dream world of lovely beaches, fabulous yachts, staggeringly expensive hotels, palatial villas, high prices and no sense of reality. Its nearest equivalent is Bermuda—and it costs almost as much.

Centred on the yacht harbour of Porto Cervo, where you could run into the King of Spain window-shopping, it is an "antiqued" development. The voluptuous Italian architecture uses the soft Tuscan colours of warm honey, peaches and cream, with old tiles and misshapen chestnut beams. All buildings are rustic in style, with walls as thick as oak trees and not a new brick in sight to betray their youth.

Where the port now stands, with its pretty hotel and piazza, international shops and busy marina which holds up to 700 boats, a handful of shepherds once struggled to make a living in the barren gorge they called the Valley of the Devil. Now, it all looks like the older and nicer bits of the south of France. There has been no concrete explosion on the coastline. Indeed, only a fraction of the Costa Smerelda's coves will ever be developed. No seaside building can exceed two storeys and there will never be crowds.

Most of this select area belongs to the Consorzio Costa Smerelda, which began as the property-owning group of six friends headed by the Aga Khan. There are now 1,500 members (new property owners automatically become members of the consortium) owning 33 miles of coastline with 25 miles of roads, mains water, electricity and all mod. cons. It even has its own police force.

All new building is controlled strictly by the consortium, which demands high architectural standards. None can take place within 160 yards of the beach, so villas bought before the rule was introduced change hands for fortunes. A £12m computer controls the planning, calculating precisely how much impact any new construction would have on views and surroundings.

The Consorzio does not build villas (although it will recommend good local architects), but it does construct low-rise flats and terraced houses. So far, 2,500 have been completed and the consortium's 20-year plan includes two further villages with more than 5,000 units. However, no more than 5 per cent of the land will be used for building.

The first village will grow around Cala di Volpe, in the bay next to Porto Cervo, alongside the existing hotel of the same name. Plans include a shopping centre, offices, apartments, and a sports centre with 24 tennis courts.

Two more 18-hole golf courses (designed by Jack Nicklaus) are on the cards, close to the stunning Pevero Bay and the existing course which the world-famous designer, Robert Trent Jones, considered his best.

The second village will be the Razza di Giunco, at the southern end of the Costa Smerelda. The site is now a swamp but this will be cleared and a lagoon dredged out connecting it to the sea. The overall effect will be Venetian in style, with canals instead of streets and moorings instead of parking places.

Razza di Guinco will have around 3,000 units with capacity for 1,000 yachts and will be the third lagoon village in the Mediterranean, its predecessors being Venice and Port Grimaud in the south of France.

The two villages are expected to take 10 years to complete, with building work starting later this year. Early birds will have the pick of the sites and the cheapest prices — from around £60,000 for a small apartment.

Seaside villas are perhaps the most sought-after in Sardinia, and resale prices reflect their popularity. Established villas sell for £500,000 up and £1m buys you luxury verging on opulence in the form of a magnificent renaissance-style property with five bedrooms, staff quarters, and an acre of beautifully manicured lawns that sweep down to the sea.

There are a few less expensive properties on the Costa Smerelda. The development of Case Del Golf, on the slopes of the Pevero golf complex, with peaceful views over the fairways to the sea, includes some small apartments costing around £95,000 and larger two and three bedroom units starting from £140,000.

A very small amount of development, is going on around Porto Cervo, although after this is completed nothing else will be built. Present offerings include some charming terraced cottages with two bedrooms, open stone fireplaces and chestnut beams, overlooking the harbour and costing around £140,000.

Alternatively, an apartment block called Cascades will include 21 units of varying shapes and sizes, the bargain basement studio going for £75,000 and the largest flat, a vast penthouse with swimming pool on the terrace, around £325,000.

Villa building plots of half an acre or more overlooking the Alto golf course seem to offer the best value, costing between £57,000 and £150,000. Building costs are on the high side, given the demands of the architectural committee, and work out to about £100 per square foot. Buyers should allow at least £250,000 for villa construction (plus pool and landscaping) but no palm trees; they aren't allowed because the Aga Khan thinks they're common.

Property owners in the Costa Smerelda pay around 2 per cent of the purchase price each year to cover maintenance and management charges.

The property laws of mainland Italy apply to Sardinia. The buyer pays a tax of around 20 per cent on building land but the tax is only 4 per cent of the purchase price on new property. Resales are taxed at 10 per cent. Buyers should allow at least 15 per cent of the purchase price to cover legal fees, transfer costs and taxes.

As in many other European countries, the notary is the lynchpin of the transaction. He will check out the legal background to the property and make sure it can be sold by the vendor. He will also require a document from the buyer to prove that the money to pay for the property has been imported into the country through legally acceptable channels.

All being well, you can take your money out of the country should you decide to sell. Capital gains tax on profits ranges between 5 to 30 per cent, depending on length of ownership.

• Further information can be obtained from Jenny Pinder of Europroperty Advisers, 27a Bridge Street, Salisbury, Wiltshire (tel. 0722 330847).

London Property

Country Property

Overseas Property

William St Clair at a portrait exhibition

Regent's treats

THE REGENCY was not a comfortable time to be alive. From 1793 until Waterloo in 1815, Britain was almost continuously at war. The years which followed were marked by violence, political repression and economic distress. Industrialisation was transforming most aspects of daily life drastically, but few of the benefits were yet coming through. To many people, it seemed inevitable that the old order would soon be swept away in violent revolution.

For all the fear and despair, however, the Regency was one of the most vibrant and creative periods in British history. Seldom if ever has the nation produced such an array of original writers, artists, thinkers and innovators. It was also the age of elegance, unsurpassed for style, good taste and agreeable manners.

The National Portrait Gallery in London has just re-opened galleries devoted to the famous men and women of the time. Besides the old favourites which have been temporarily inaccessible, other portraits from the basement storerooms have been cleaned and put on display. The curators rightly have decided to exhibit as much as they have space for, even if as a result some pictures are necessarily hung too high for easy viewing. The galleries are decorated in typical Regency colours and a few pieces of furniture, books and other exhibits help to evoke the atmosphere of the period.

One room is mainly devoted to sailors, soldiers and politicians. We have the handsome Lord Nelson and the beautiful Lady Hamilton and the reddest-faced general I have ever seen. The haughty William Pitt, who became Chancellor at 23 and Prime Minister at 24, looks down his long sharp nose. Nearby is Viscount Addington, who held power briefly between Pitt's two administrations; the genial portrait by Beechey, one of the Gallery's recent acquisitions, is a welcome newcomer. A notable absentee is Lord Liverpool, whose record of winning three general elections in a row was unequalled until last month.

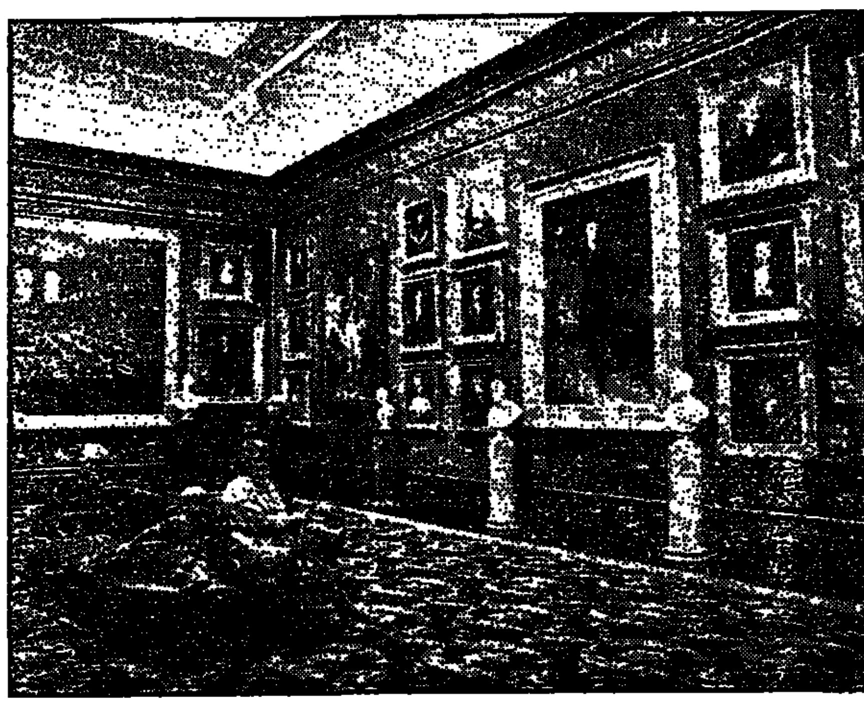
Very different men were the inventors and the engineers who built the steam machinery, the docks, the canals and the coal mines, and whose portraits adorn one of the other galleries. The backgrounds to the pictures which discreetly boast their achievements are as interesting as the faces. One shows a ship sailing across a bridge. I particularly like the portrait of McAdam, the inventor of tarmac roads, which in the distance shows the smoke of prosperity belching through the church spires of Bristol.

Writers could seldom afford the services of professional portaritists, at least when they were young. And with the exception of Wordsworth, seen here as the bald-headed sage of the mountains, the lives of the poets were brief. The portrait of Charles Lamb by William Hazlitt reveals that he was as sharp with his brush as with his pen. But amateurs sometimes caught a truth which a Gainsborough or a Lawrence would have glossed over—the open-mouthed wonderment of young Coleridge, the femininity of Keats, the shiftiness of Leigh Hunt. The only known picture of Jane Austen is a tiny sketch by her sister, Cassandra, showing her bright-eyed but not pretty.

Never have clothes been so stylish—at any rate, for the men—and one of the most welcome innovations of the Regency was a scrupulous attention to clean linen. Beau Brummell used to spend two hours dressing, most of the time required to adjust the flow of the neckcloth. Looking at the portraits of his contemporaries, it is easy to see why it took so long to capture the exact nonchalance demanded by the fashion. We can also appreciate why poets and radicals flaunted open-necked shirts as a badge of liberty.

As for the Prince Regent himself, he was a handsome man in his earlier years. One of the best-known portraits, which is picked out by dramatic lighting, shows him in characteristic pose with chest pushed forward, exulting in his scarlet coat. If in character he was not the first gentleman of Europe, he certainly sported the whitest and the tightest breeches.

The National Portrait Gallery is in St Martin's Lane, just off Trafalgar Square. It is open from 10.00 am to 5.00 pm weekdays, 10.00-6.00 Saturdays, and 2.00-6.00 on Sundays. Admission is free.



The National's exhibition . . . space is at a premium

Julia Berney writes about village life

On with the show

BY 9.40 am the men on the gate are demanding beer. A gentle beribboned shire horse has just trodden on a child's foot, the first of many. I buy a fancy pelargonium, watch a pony having its toenails painted, and nearly get run over by a Right Honourable's Land Rover. The show is getting under way.

Against a leaden sky, plastic bunting is slapping in the stiff wind, legacy of last night's force nine. At the treasurer's tent I join a small army of stewards ready for duty. The weather is on everyone's lips. "Bugger hay after last year, boy," says one farmer to another. This being the second consecutive bad summer there is less reason than usual to hope the show will escape rain. Come heatwave or drought, the first Thursday in August is always wet.

Off I dash across the parkland, running the gauntlet of Robert the Milk's vintage engines which pop and whirr and vibrate alarmingly as though lift-off is imminent. Here is the short cut, through the little oak copse and the barbed wire, and here are the busy car-park attendants in the furthermost field. Transferring their bundles of paper money into my carrier bag is not easy in this wind. It wafts a fiver straight into the bull's eye of a rather fresh cowpat.

Suddenly out comes the sun. With the hint of unexpected warmth the pleas for beer become frantic. On my second trip to the gate, with arms full of cans, I earn loud cheers; on my third trip I surprise a gate attendant answering the call of nature. Near the judging ring a tethered Charolais bull is being persistently prodded by a thin little boy whose father wants to photograph him. The scene reminds me of the old music-hall song about young Albert whose parents lose him to a lion at the zoo.

In the marquee I eat my free lunch beside the local constabulary — the cub scouts' akela, and Roger, our village bobby. They have opted for the hot meal. "I had a slug in my lettuce last year," says Roger as I put a forkful of salad into my mouth.

We sit on slatted wooden chairs which demonstrate their powers of collapsibility at odd moments. Akela is deep in thought, finalising plans to buy a crate of white chocolate mice for the sergeant's farewell do.

Next comes my annual visit to the ladies' loo, a corrugated iron shed in the trees. Eye-level doors without latches, hung about with webs and binder twine, front a row of wooden cubicles linked by the communal seat, with holes that drop to a deep gutter. You can always recognise women who have never been here before by their facial expressions. "Oh I can't, I just can't," protests one lady. Her companion reassures her: "You'll be all right, just don't look down."

Over the public address system come announcements of items lost and found — car keys and small children. At the treasurer's tent we accumulate stray anorak hoods. Money is mounting up fast now, and they ask me to pay in at the mobile bank which, of course, is at the

far end of the show ground, near the ladies', from where I have just returned.

I have never carried one and a half thousand pounds before. We disguise the cash-bag in a bin-liner and call a police escort, one of the town boys who arrived earlier on a white motorbike. Dressed from head to jackboot in black leather — yes, he agrees, the trousers in particular are hot — he looks like a galactic storm-trooper, a sinister figure to accompany me and my rubbish-sack across the park.

The sun comes out with a vengeance, making me regret the scruffy jumper worn in a moment of early morning weakness beneath my tidy shirt. I sneak behind the treasurer's tent and manage to strip off and dress again observed only by an alsatian, before making my final cash collection from the gate attendants. The short cut is getting hazardous now, as the copse has become the unofficial gents' toilet. Innocent picnickers on the grass look puzzled as I cough loudly and beat my arms to announce my approach.

All of a sudden the stewards have become redundant. At last I have an hour to myself to visit some favourite tents and soak up that familiar atmosphere, the mellow light, the bruised grass and stuffy air.

In the beekeepers' tent the glass-fronted hive section is hypnotic. Why do the bees keep crawling about all day?—trying to find the exit I suppose. Upon a pyramidal stand there are smooth beeswax lozenges and honey-coloured moulds—parrots and bunnies, giant bees and candles shaped like Christmas trees.

In the poultry tent I meet my American friend, wife of the village potter. We admire an anonymous white hen with every feather black-edged, so it looks as if a child with a felt-tip pen has scribbled loops all over her. We want to know the names of various breeds but no cages are labelled. There are stranger chickens to follow: a cock with purple warty excrescences all over his head, then a hen with a head like a snowball and no eyes, and a hen that looks like a rabbit—sorry my mistake, rabbits too are exhibited in the poultry tent. One poor little hen is straining to lay an egg before a mass audience. How everyone laughs! They shriek and point and call the kids over, as though it is the most unnatural thing in the world for a hen to do.

Time is running short. Must we go to the Women's Institute tent? Those Welsh cakes and custards, despoiled by the rat-nibble marks of the morning's judges, leave me cold. Karen is unenthusiastic too but feels obliged to go and see her neighbour's loaf.

Inside the marquee we are rewarded, for as the rays of the tea-time sun enter the tent flap they strike a long white table ranged upon which are the glorious traffic-light colours of jams and preserves. Stop at the redcurrant jelly, get ready for the amber curds and orange marmalade and go, go straight to the unimagineable beauty of a jar of mint jelly. Lit from behind, its pure green is clear, sharp and thirsty-making like the emerald of bottle-glass. How I long to own that jar of mint jelly!

There have been no punch-ups over parking spaces. So every year the show is different, and yet somehow the same.

Robin Lane Fox muses on mortality

Ants in my plants

WHY DO plants die? Bad gardeners think that deaths are less common with good gardeners; good gardeners blame themselves; personally, I blame nobody, though I suspect that I ought to blame somebody's dog.

Over-watering kills many more plants than under-watering, but beyond that, deaths are simply part of the business, so much of which is still mysterious. The late Vita Sackville-West, who planted more plants than most of us, compared her rate of failure with infant mortality in the Middle Ages: even in her garden, plants died more frequently than medieval babies.

Some of the mystery vanishes with experience or chance discoveries. During brief interludes in the rain I have seen conducting a few post mortems. I think I have solved a few mysteries, but I am left with at least two others.

Despite three or four efforts, I have never established any of the low growing Potentillas for long, not even Potentilla Tongui which my first book on alpine gardening black-listed as too rampant for sensible cultivation. I have now traced the culprits: not slugs, cats or leather-jackets, but those forgotten enemies, red ants. They like to nest near small carpeting plants, undermine the soil and rapidly destabilise them, with the skill of a true underground agent.

I have now learnt how to deal with them. For a while, we used to pour kettles of hot water mixed with salt, an overhead bombing which was spectacular when it hit the ants' black column on the move, but which always missed a few outliers.

We then changed to Nippon, a sticky product which has to be left near an ants' nest on the lid of an old jam-jar. It sounded suitably eastern, but increasingly, its tortures were not wholly effective.

Nowadays ICI's ant killer eclipses these remedies and is much better than all old wives' lore. If you are losing small rock plants and anything else which makes a central mound, do check for ants, more frequent

Not far away I have had a dead daphne. At first I blamed myself; later, I blamed the family and came round to the usual view that they are "difficult." One or two varieties may be, but the root of the trouble is not the daphne's bad temper (plants do not have personalities) so much as a type of daphne-wilt which attacks them in the growing season.

A grower of excellent daphnes explained to me that he sprays his plants once a month with diluted Benlate, one of the modern gardener's essential weapons. I am following suit. One plant which I had not sprayed has died, but I see no relapse on several others, not even on two ageing bushes of Daphne Retusa which were moved last summer. Plants' bad reputations sometimes have specific reasons.

While you are putting Benlate on the daphnes you should certainly spray it on the young clematis (it is effective against their wilt too) and also on any garden violas. These plants are my new favourites, but some of you write to say that you find them more troublesome.

Admittedly the varieties which are nearest to conventional pansies are not so hardy or long-lived. However, I believe that many forms will last for years if you make two small arrangements: the first is the spraying with Benlate which keeps at bay the deadly pansy-sickness; the second is to deal with over-flowering.

Nobody says much about this complaint, but I am certain that some small plants which flower very heavily should be stopped from making too profuse or prolonged an effort in their early years. Hybrid pinks are one good example, violas another: so are gentians in some moods and lesser-known friends like the Epilobiums. I will be cutting back my violas this week to stop them setting seed, throwing up more buds and entering the winter with too much loose growth.

Now for some continuing mysteries. I am no longer so bothered by straightforward whitefly: Murphy's Tumblebug really does kill the adults and also hits the resting whiteflies from which young adults can emerge at bewilderingly short notice.

Gardening

The killer which worries me much more is honey fungus (Armillaria Mellea). You can recognise it by the honey-coloured toadstools which it sometimes sends up near a tree or shrub in autumn; the clearest signs are the black threads, like lace, which it leaves on rotting wood or on the stem or trunk beneath dying bark.

These signs are quite easy to miss, until some old and beloved shrub or tree dies back completely. Honey fungus can be murderous among rhododendrons, although camellias appear to be much more resistant. It has just come into my life by killing off one of my favourite old winter cherries. Heavy doses of creosote round the base of a tree trunk are said to be effective, and there is some joy, not total, from the preventive Armillatox.

Does anyone know an alternative remedy? When it appears for the first time, does it remain quite local in a garden or is the first attack a sign that many more are to come?

Lastly, is there a special summer complaint which affects lilacs? In March, I planted a line of eight promising standards, all of which put out young leaves and seven of which are still green and flourishing. The eighth was quite happy until the time of the general election.

During the campaign, its young leaves curled (no bugs were visible), its stems withered and, when the election result was known, the entire top growth went miserably brown. Is there some complaint which lilac-growers among you have come to expect or is it a once-only consequence of political events? Puzzlingly, it is not a pink lilac, let alone a red one: it is a blue, admittedly a pale old-fashioned blue, but could it be that the threat of yet more change has proved too much for it?

Arthur Hellyer on late-flowering varieties

Autumn delights

IT IS EASY to forget the bulbs that need to be planted ahead of the main batch in autumn. By then it is too late to plant autumn flowering crocuses and the cochicums which are so often confused with them. It is also an awkward time for Jersey lilies and the hardy Guernsey lilies which are in bloom, or about to be so, in September.

A much less familiar bulb, which looks like a crocus though it is unrelated, is the sternbergia. This also flowers in September-October and needs to be planted within the next few weeks unless one can buy it already established in pots and so plant it without check to growth.

Occasionally I see a few in garden centres, but to be certain of them it is wise to order from a bulb specialist. The flowers are buttercup yellow and the narrowly strap-shaped leaves, which are dark green and glossy, come with the flowers and remain all winter and spring. This is a plant for warm sunny places and well drained soils, but given these conditions it is not at all difficult.

The best genuine autumn crocus to grow is Crocus speciosus; it is also the easiest to buy. It is more showy and flowers much more reliably than C. sativus, from which the dye saffron is obtained. It also multiplies freely both by self-sown seed and by offsets around the old corms, good qualities both for gardeners and nurserymen. Flowers vary in colour from violet-blue to white, but for some reason the pure white form, which is very beautiful, is hard to obtain.

The same is true of the gleaming white form of Colchicum speciosum, a lovely plant which, when available, can cost several pounds per tuber. I find this puzzling for, like the common lilac-pink kind, it can be raised from seed, but clearly nurseries cannot meet the demand and charge accordingly.

No such difficulties hamper the spread of the common kind, the great tubers of which will be seen by the boxful in garden centres over the next few weeks. They are so eager to start growing that by the time they arrive the flowers are often already emerging, most likely twisted and curled as they attempt to turn up towards the light.

The once familiar Madonna lily, Lilium candidum, is another bulb that needs to be planted early, not because it flowers in the autumn but to be able to move it during its very short resting period. Scarcely have the flowers faded soon after midsummer than the old leaves begin to die down, to be replaced by a new lot coming straight from the bulbs. At this time the old roots also die and new ones begin to grow, and it is before this process has gone too far that the Madonna lily is most safely transplanted.

So August is the ideal month for planting; but this does not fit in well with the routine of growing lilies commercially, and that may explain why it is becoming increasingly difficult to buy what used to be the commonest, and is certainly the oldest, lily in cultivation in British gardens. Another reason may be its susceptibility to grey mould disease, but there are good preventive fungicides to combat this; occasional spraying in May and June should keep Madonna lilies healthy.

This is not a lily that multiplies readily from seed, as the Regal lily does, but it can be increased by detaching scales from the bulbs and bedding them into a mixture of peat and sand in a frame. Madonna lily bulbs also like to sit almost on the surface, so they should only just be covered and allowed to work themselves upwards.

The Jersey Lily, Ameryllis belladonna, came originally from South Africa and must not be confused with the hippeastrums, which come from South America and are persistently misnamed amaryllis in the garden shops. The commonly grown hippeastrums are all tender plants for greenhouse and indoor cultivation; they flower mainly in winter and spring and it is quite in order to buy and plant the big bulbs in September and October.

The Jersey lily is hardy (it withstood minus 9 degrees C in my garden last winter) but it needs a lot of sunshine and warmth to make it flower. Its strongly-scented, trumpet-shaped pink or pink-and-white flowers come spasmodically in August and September before the leaves, and it is always rather a puzzle to know when best to plant it.

Probably the ideal time would be in July but bulbs are rarely available then and tend to appear in the shops during the coming few weeks. Despite frequent advice that they should be planted deeply, my experience is that they flower best when the tips of the bulbs are only just below the surface — a method which I find also suits Nerine Bowdenii, hardiest of the Guernsey lilies. Again I would accept bulbs whenever available for both Jersey and Guernsey lilies have considerable recuperative powers.

Saleroom

Riviera chic

FOR MUCH of the year antiques dealers sit in their smart galleries and wait for their rich customers to come to them. In high summer it can be a thankless occupation. In 1975 some of the leading dealers in Paris decided to follow the wealthy to their holiday resorts, in the hope of catching them in a relaxed and buying mood. Thus started the biennial gathering in Monte Carlo of just over 30 leading antiques dealers, mainly French but with a sprinkling of locals from Monaco, and foreigners.

It is in session now, in the International Sporting Club and it is a very glitzy affair. It brings home forcefully how the rich have discovered works of art as accessories to their life style. This is not a fair for the academic connoisseur—although you could hardly question the authenticity of the antiques—but for the lover of the ornate, the grand, the obviously expensive. It is interior decoration in the most refined taste.

The key, perhaps, is the presence of jewellers like Fred Leighton (who sold a $1m brooch within the first hour) and Boucheron. While wives and girl friends crowd round the baubles their artistically-inclined escorts check out the antiques with a clear conscience.

This is a well-regulated fair. There is a good mix of objects, with no more than two dealers specialising in the same sector. There is no desire to expand it, although the organisers would like Waddington to add some modern chic. The local dealers might not make the Burlington in London, but with the Société des Bains of Monte Carlo helping out with accommodation it would be churlish to refuse them space. In effect it looks like a succession of rooms, all different, often striking.

The French have perfected the presentation of antiques. At the stand of the Galerie d'Art St Honoré the mainly 17th century paintings by the Brueghel family, and by Bosschaert, gleam as if completed this morning. They are lit to show all their easy charm. You can imagine them in the dining room of luxury *appartements* setting off Louis XVI furniture and Turkish carpets. Galerie Regence is 18th century England come to life, dominated by an enormous breakfront bookcase which once ornamented Farleigh House, home to the Earls of Portsmouth. It carries a Chippendale attribution and a price of $120,000.

Perrin has a secretaire stamped by Jacques Dubois in 1742, decorated with Chinese scenes: at Maurice Segoda there is a commode by Lieutaud, dating from around 1715 and sold by Lady Foley in 1947; Paola Cipriani of Milan has two early 18th century busts of Roman emperors, and Michael Segoura offers among his paintings a 17th century view of Haarlem by Gerrit Berckheyde.

After a bit all these entrenched antiques dazzle with their richness—and price. Fortunately this fair does not bother with dictionary definitions of antique — it includes Galerie Dukto of Paris, with its art deco furniture, and Daniel Malingue, with 20th century paintings by Dufy and a fine Bonnard of a woman with a dog. They provide a savoury contrast, as do two matching paintings of the Three Graces, on the stand of Galerie le Point, those by Magritte facing three by Magritte facing three plumper versions by Dufy — one encumbered by a giant frog nibbling her tresses.

The opening night was art as money. Agnelli, the head of Fiat, reserved a $1m Louis XVI desk; tall blondes with short husbands pored over jewels; demand was brisk. Americans had flown over in encouraging numbers for the fair and for the sun. The retired Monaco locals might be impervious to antiques but there are enough smart villas in the hills and along the coast in Cannes to supplement the holidaying Americans and Swiss.

There is not much to challenge the senses at this fair. Here is the established taste of an extinct aristocracy passing on to a new ruling class. But anyone sated by the commissioned craftsmanship need only step outside into the square in front of the casino (thankfully being stripped, next year, of its horrid slot machines, and restored to its Belle Epoque glory) and be startled to see sculptures by the leading names in 20th century art.

The Marisa del Re gallery of New York has sent across for the summer a selection of works by Appel, Moore, Lichtenstein, Botero, de Chirico, Dali, Arp and many others, to grace the park and the foyer of the casino. Many of the works are of striking originality and placed in striking sites, like the Lichtenstein "Brushstroke" which seems to frame the facade of the casino. More disturbing are a fat and fecund Adam and Eve by the Colombian artist Botero, which confront anyone sauntering down to the sea terrace. The Picasso portrait by the French artist Cesar, which makes him human (in the face), animal (in his limbs), and inanimate (in a slab of wood for his body) gives an insight into personality rare in modern sculpture. And on entering the casino there is de Chirico's imposing Hector and Andromace, the girl clasped to a faceless, lifeless, warrior.

The sculptures are for sale—and they are selling. They challenge, in their outdoor, exterior settings, the smart furnishings offered by the fair. They represent humanity in escapist, elliptic, Monte Carlo.

Antony Thorncroft

A tapestry produced in the Loire Valley around 1500, known as Le Couquelin. On offer at the stand of Jacqueline Boccara

When summer comes...

Lucia van der Post

HOW TO SPEND IT

SUMMER may not have got much of a look-in yet, but in Britain we are used to short rations. We have learned to accept that it is the peculiar, transitory nature of our summer that gives it its special poignancy. We know the days of wine and roses are short. We know, too, that it pays to be well-prepared lest when summer comes we fail to catch it on the wing. So here, this week, are a few ideas to help you make the most of those long, languid days that we all hope are just around the corner...

NOT MUCH good at croquet and not feeling energetic enough for a full round of golf? What about lawn golf? Devised as a cross between croquet and golf, it cuts down on the craftiness of croquet (just a few opportunities to knock your opponent's ball for six) and it doesn't take as much time or space as a round of golf.

You don't need a mansion-sized lawn; the game can be adapted to suit almost any space available — in winter or on rainy days you can even putt around the drawing-room carpet.

The secret of its flexibility is that you place the holing-out plates more or less where you like, adapting the distances to the space available. The game comes with its own diagram of the ideal lay-out, and you then lay out the plates as best you can.

The ball is hit with a golf club (clubs do *not* come with the set, you have to supply your own) and the nine-hole game, played by two or more people, usually takes roughly 2 hours.

It comes with its own set of rules which are, as you've guessed, a cross between golf and croquet — the basic aim is to putt the ball with fewest strokes, but in between you get the odd chance to hit your opponent's ball to hell and gone. Its chief charms it seems to me, are its adaptability, the beauty of the equipment itself (it comes with an exquisitely made hand-turned box lined in baize, the four balls are all of hand-turned wood, and the plates and jacks are beautifully wrought), and the opportunity it offers for a little leisurely exercise should we ever again have a languid summer day.

The boxed equipment costs £160.30 and comes from Naturally British, 13 New Row, By Covent Garden, London, WCN 4LF.

Drawings: James Ferguson

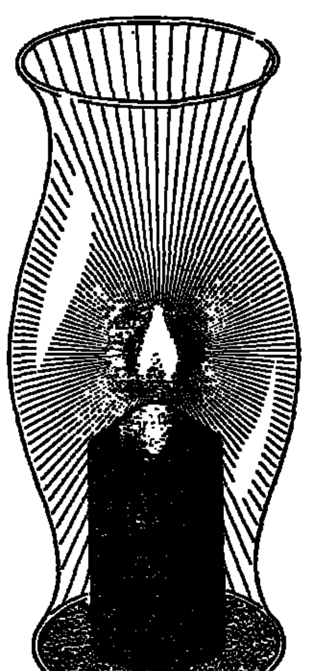
●

SIMPLE is often best, and what could be simpler for protecting candles out of doors than a plain glass hurricane shade? They come in three sizes — 10 ins (£8.50), 12 ins (£9.50) and 15 ins (£10.50), and they are one of the neatest, most effective ways of protecting candles in the great outdoors.

You simply place the glass shade over plain candles, or, if you prefer to use candlesticks, over the sticks and candles. Besides being plain they are also elegant, and could be used to good effect indoors. Find them at The Candle Shop, 30 The Market, London WC2.

Find there, too, a host of other luminous devices to help you light up the outdoors at night: flares, torches; packets of six different assorted scented candles (£1.75 for a packet of small ones); floating crocodile and frog shapes for the jokily-minded, and floating leaves and lilies for the more romantically inclined.

For those going to places where the midges reach there are candles with built-in insecticides (from 99p each) and for those who want to light up large gardens or driveways there are galvanised buckets — £4.95 a throw — which will glow for up to seven hours at a time.



AILMENTS, unlikely as it may seem, have fashion cycles too. Once it was stimulating the phagocytes; today sports injuries are absolutly à la mode. The years of the aerobic craze, of "going for the burn," of jogging and running to health have left us a nation with jarred knees, twisted ankles, weak wrists and stressed elbows.

Whittaker Sport, which has long been involved in developing devices to help the sports fanatic keep going without pain, has decided that if supports must be worn, let them be worn with a flourish. To greet the summer it has a whole range of supports for back, ankle, knee and elbow in colours bright enough to catch the doziest eye. In bright blue, ink blue, green, or yellow, these are supports to wear as a badge of honour, not a mark of shame.

Besides giving the appropriate orthopaedic support they also keep the injured area warm — a big bonus. Prices start at £8.25 for the wristwarp; the ankle support is £13.35; the knee sleeve is £19 and the tennis elbow sleeve is £13.65. Find them in good sports shops like Pindisports, Snow + Rock, Ellis Brigham, Grid-Iron Sports and many more.

IN ALL the most photogenically arranged picnics, wicker is *de rigueur*. There's never a hint of plastic to mar the smooth aesthetics of the scene. But beautiful though wicker is to look at, it is heavy to carry and does absolutely nothing towards keeping the vital ingredients — the drinks — at the sort of temperatures we associate with summer days.

So, in the interests of practicality if not of beauty, meet the Multi-Cooler. It has a centre section which will keep a bottle of wine, champagne, orange juice, or mineral water as cool as the moment it left your refrigerator. Its outer compartments will keep the filled glasses as chilled as the moment they were filled.

If you're going on a picnic, camping, or boating, it is almost indestructible, and is easy to pack and carry. If you're just staying at home it can double as an ice-bucket. The Multi-Cooler measures 9 ins by 9 ins by 6½ ins, is plain white, and comes complete with ice container, tongs, and eight moulded freezer packs which slot into position to hold bottles and glasses and keep the whole package cool. It should keep bottle and glasses cool for up to five or six hours at a time. £21.95 (plus £3 p+p) from Harrods, Knightsbridge, London SW1, or Fern Marketing, PO Box 5, Croydon CR9 3XH.

A taste for Vouvray

Wine

IN THE coming weeks many wine-drinking holiday-makers will visit the gentle, château-studded Touraine countryside. No lack of wine is produced there—about 500,000 hl (over 66m bottles)—with an interesting variety. And for the most part it is cheap.

Although the Tourangelles might not care to admit it, Touraine, with one exception, is a region of superior *vins de table*—wines for relatively early drinking and bottles to be opened and emptied without too much aforethought—or afterthought. It always has been so, for it was largely Touraine wines that Paris drank in the Middle Ages and continued to do so until the railways arrived to rush to the capital wines from remoter parts of France. Today the Touraine reds—Gamay, Cot and Cabernet, and even Chinon and Bourgueil—are often drunk too young. A year or two of bottle age would greatly improve them.

The exceptional Touraine wine, and its proudest, is Vouvray. The ancient *vignoble*, dating back to the Middle Ages, lies a mile or two upstream from Tours, on the right bank of the Loire. Centred on Vouvray, only 1,750 ha of planted vineyard are entitled to the appellation. Although 450 growers declare a crop each year, only 200 are professional vignerons. Most of the others are members of the two co-operatives producing about a fifth of the average annual output of 80,000 hl. The only grape grown is the Chenin, and about half the production is made into champagne-method sparkling wine. There is also the less sparkling Vouvray *petillant*. The remaining still wines may be *sec*, *demi-sec* or *moelleux*, with the great majority *demi-sec*.

Such are the facts about Vouvray but they provide a very incomplete picture of a wine that, at least outside France, is much better known by name than by practical experience. Anyone with any knowledge of wine has heard of Vouvray but not all that many have actually drunk its output. The reason is that it is properly a *demi-sec* or sweet wine: a category of wine that has been out of fashion everywhere for a generation or more. The dry Vouvray wines are respectable, and improve with some bottle age. But I suspect that they are made chiefly because of the difficulty in selling the sweeter types. Most of the dry wine is made into sparkling Vouvray, which is a well-made wine but lacks the crispness of champagne, although it is a great deal cheaper. It would probably be made in smaller quantities if still Vouvray were more disposable.

Unlike some *demi-secs* the Vouray is not flabby because it has a good balance of acidity. It goes excellently with fish. Very good wine was made in the large 1985 vintage, and on the spot I sampled the *demi-sec* of Huet that had a deliciously flowery bouquet and full flavour. M. Huet is the mayor of Vouvray and has splendidly kept vineyards that slope down towards the river. His *moelleux* (13.2 degrees) smelled of pears, was concentrated and finely balanced. Both wines needed at least five years more age, though the local saying is "Vouvray does not age, it matures." A fine Vouvray *moelleux* is no common-or-garden sweet wine, and M. Huet's was the first he had made since 1976. Two other leading growers are Foreau and Marc-Brédif, which was recently bought by Ladoucette of Pouilly-sur-Loire. Only the more serious wine merchants in Britain have anything like a representative list of Vouvrays. Among them Adnams of Southwold, Lay & Wheeler of Colchester, Loeb of London, SE1 and Yapp of Mere, Wiltshire. Some listed wines are of considerable age because Vouvray *moelleux* can last as long as any French sweet wine.

Facing Vouvray across the river is Montlouis, though its vineyards incline towards the Cher, which joins the Loire below Tours, and it has the disadvantage of appearing to be on "the wrong side of the tracks." Its vineyards are half the size of Vouvray's, with fewer than 100 growers, and an average total output of 10-12,000 hl. The grape is also the Chenin and it produces the same types of wine as Vouvray, including a sparkling one. The wines are perhaps a little heavier than the Vouvrays, but in good years, such as '76, '79, '81 and '85 they can be excellent, and they are cheaper than their rivals. I sampled a delicious *moelleux* '85 that accounted for about 20 per cent of the year's crop, but the grower who produced it said sadly that it was difficult to sell. There is plenty of *vente directe* on both banks, and a visit from nearby Tours is very well worthwhile, though it is as well to have the names of good growers. One at Montlouis is M. Berger, another M. Tang.

For the record mention should be made of three A.C. "château" white Touraine wines as they are neighbours of three celebrated Loire châteaux. They are Touraine-Amboise, Azay-le-Rideau, and Mesland (which faces Chaumont across the river). The only one I know, and have visited, is Azay-le-Rideau, which makes a very acceptable, inexpensive dry wine that Yapp and one or two other merchants list. A rosé and a *moelleux* is also produced. The quantities are tiny.

The most popular Touraine white wine is the Sauvignon, sales of which appear to be growing year by year now, and account for 40 per cent of total white production in the region. Originally a Bordeaux grape, it is often less aggressive when young. It should be drunk then. This is also the grape of Sancerre, whose finesse it may lack but which has a distinct price advantage over a wine whose popularity has pushed up its price.

The biggest-selling red Touraine is the Gamay, which accounts for 60 per cent of the total produced. It is a wine for drinking young, and some promotion has been done to sell it as a "*nouveau*" competitor to Beaujolais, although the latter has more style. Touraine is very much an area of the small domestic grower, who also cultivates the fruit and vegetables celebrated in the Loire Valley. Partly as a result, a wide variety of grapes is grown, with the reds including Pinot Noir, Meunier, Cot (Malbec) and Cabernet Franc. And the last-named is responsible for the Loire's most celebrated red wines: Chinon and Bourgueil.

The vineyards of both date back to Roman times and the hills are honeycombed with ancient cellars. One I visited in Chinon was naturally domed and full of 600-litre casks, and with the roof covered by black fungus. Severely affected by the phylloxera at the end of the last century, both wines have recovered only in recent years. In 1970 there were just 700 ha in the 19 villages covered by the Chinon appellation, and 600 ha in Bourgueil's eight. Now, Chinon runs to 1,500 ha and is increasing by 30-50 ha a year until the limit of 2,500 may be reached. Production has doubled in the period and now averages 50,000 hl, while the rather larger Bourgueil and St Nicholas de Bourgueil produce around 70,000 hl.

Although full-coloured, both wines have benefited from the popularity of light wines, and these have a low strength of between 9 and 11 degrees. As a result too much is drunk, particularly in restaurants, as *vin de l'année*.

There are really two or more types of these wines, according to the various soils. Bourgueil grown on the plateau north of the Loire is fuller-bodied than that nearer the river, while those on the hill sides are more tannic and wines for keeping. The St Nicholas are lighter, early maturing wines for drinking young. The Chinon vineyard lies south of the main river and is percolated by the Vienne river, where the sandy vineyards produce light wines; but from the *coteaux* come fuller, laying-down wines. The lighter wines of both appellations never see the inside of a cask and are bottled very early. Historically, rivalry between the two has always existed, but Chinon has the unalterable advantage of the association with Rabelais, born circa 1494, as well as having an attractive tourist-orientated town that is topped by the ancient walls of what were once three separate castles. But neither of the two main Bourgueil villages has much to show.

Chinon perhaps has the edge on Bourgueil in quality—but, of course, it depends on the growers. In the restaurants chateau-pressed tourists may be advised to drink the lighter types. *Vente directe* abounds everywhere to a bewildering degree. Among the more reliable merchants in Chinon are Raffault and Couly-Dutheil; in Bourgueil, Lame-Delille and Caslot-Jamet.

Edmund Penning-Rowsell

Radishes to relish

Food for Thought

THE FRENCH like them with a little unsalted butter. I prefer to dip them in salt and to wash them down with a glass of dry sherry. Am I writing of some rare and wonderful delicacy? Am I trying to introduce FT readers to some exotic taste experience? In a way I suppose I am. A good radish is as rare as a sunny day this summer.

When was the last time you had a radish to remember, scarlet as a guardsman's tunic, sweet, peppery and crunchy? Did it come from a plastic packet? Or was it one from a bunch with wilted tops you bought at the greengrocer? I rather doubt it.

It is a sad fact that in order to eat a memorable radish, you must grow it yourself. But, as they say in business, a challenge is an opportunity, and that, I think is the principle behind growing your own vegetables in London, or any town, come to that.

I don't want to belabour our poor food suppliers. They may be doing their best. I have spotted the odd yellow courgette, carrots with greenery attached and baby turnips. The other day I counted no less than half a dozen different lettuce and chicory varieties in Sainsbury's.

But I did not spot courgettes with flowers attached, or baby broad beans, or carrots the size of pencils or yellow tomatoes or, well, one of a hundred other varieties, and, as important, vegetables in various stages of maturity.

It seems to me that whether you have an acre of kitchen garden or an allotment, the arguments for growing your own are the same. You can grow what you like, pick it at which stage you choose and eat it within a short time, all of which add up to a better, tastier, veg or fruit than one you are likely to be able to buy.

Of course, if you have an acre or several, it is no hardship to put aside a few square yards to grow whatever you choose, but life for metropolitan dwellers is much harder. Few of us can plan or plant a garden on such a generous scale. Every square inch has to be carefully considered.

My, or rather, our, garden measures 60 ft x 40 ft. It is a typical London plot. It has a small bricked area for sitting in the sun and munching radishes. There is a small lawn for growing dandelions and plantains. And out of the rest we conjure fruit, flowers, vegetables and herbs.

To be honest, I'm not too concerned about the flowers. They're very pretty, but, with the exception of courgette flowers, they're not for serious consumption. On the other hand, I do care about vegetables, fruits and herbs.

The first garden I had was in Brentford. I think it must have been a municipal rubbish dump or graveyard at one time. Anything that grew above the ground had a kind of rank luxuriance that was almost embarrassing; anything below the ground was attacked by the most fiercesome variety of bugs, grubs and worms. In those early, 'prentice days, I grew raspberries, loganberries, strawberries, alpine strawberries, redcurrants, broad beans, French beans, beetroot and endless varieties of lettuce and chicory with reckless abandon on a plot the size of a dog kennel.

The earth of our new garden, does not seem to have the extraordinary properties of Brentford, and, with half the growing area given over to flowers, I have adopted an altogether more rigorously scientific approach to the business because the management of a small garden is as much about what not to grow as it is about what to grow.

After my Brentford experience, for example, I don't think there is much point in growing broad beans. I like my broad beans tiny, about the size of a little finger nail. You will never find them heaped upon a market stall in England, or frozen in a supermarket chiller cabinet. The tiny broad bean is a delicacy unknown and unsung here, but I will not plant them in London because you need to grow them practically in industrial quantities to produce enough to eat; and that leaves no room for anything else. One swift picking of baby broad beans, and then you stare out at a blank patch for the rest of the summer.

It's the same with potatoes. A fresh dug spud is an ethereal experience. But potato plants have a habit of running riot. All that greenery produces enough spuds to make one lunch, after which you have to live on the memory.

So no broad beans, no spuds. No asparagus either, or sweetcorn or bush french beans; they simply don't give you the value for space. I suspect the asparagus peas and sugar snap peas I am experimenting with this year may also prove insufficiently productive, in the unlikely event of them producing anything in this monsoon summer that the slugs don't get first. On the other hand, I have had some success with artichokes by smuggling them into the flower section (a visual feature, darling), and the odd redcurrant bush and blueberry bush have proved acceptable in terms of the ground design.

It has been difficult to get too enthusiastic about the joys of urban gardening so far this year. Plodding around something that looks like a corner of the Somme in 1917, watching the emergant greenery being battered down to slug level, tends to take a bit of the lustre off the process.

But I still have hopes. The clouds roll back. There could be a ray of sunshine to help ripen the tomatoes. I may yet sip a glass of sherry and crunch a radish.

Peter Fort

• BOOKS •

Valerie Eliot recalls Nightwood and why T. S. Eliot thought it so great

Djuna's sorrow

I COULD NEVER BE LONELY WITHOUT A HUSBAND: INTERVIEWS BY DJUNA BARNES
Virago. £5.50 (paperback) 396 pages

I MET Djuna Barnes in 1958 at a New York cocktail party given for my husband and myself by Marguerite Cohn of the House of Books. Afterwards, as we descended in the packed elevator, a nervous voice was heard saying "Oh, Miss Barnes, I do admire Under Nightwood!" "Young man," she replied, banging her cane on the floor, "you are confusing me with Dylan Thomas!"

Djuna and T. S. Eliot were introduced briefly in Paris in 1921, and became friends 15 years later with the publication of Nightwood. Towards the end of 1935 he had received excerpts of her novel from Edwin Muir which he thought unpromising, the style "incredibly tortured and tedious." But following a visit from her champion, Emily Coleman, bearing the manuscript, which he read twice, TSE was overwhelmed. Seeking to convince a naturally apprehensive Geoffrey Faber that the book should be published, he wrote:

> . . . I believe that this may be our last chance to do something remarkable in the way of imaginative literature. . . . This writer is somebody to whom something has happened that happens to very few (because we don't want it): she has caught up with her own sorrow, identified it and tapped it on the shoulder . . . it's a sorrow much deeper than personal vicissitudes, of course, because it is the sorrow of life, the worm unkillable by any of the agents of this world. And as for her style, it has what is for me the authentic evidence of power, in that I find myself having to struggle, directly after reading, not to ape it myself: and very few writers exercise that pull.

TSE rejected Mrs Coleman's title, The Anatomy of Night, and restored the original as he wanted "something brief and mysterious, giving no clue whatever to the contents."

Djuna came from Paris shortly before publication and, typically, had a complaint: the book had been bound in purple, a colour she abhorred. All publishers were anathema to her, and fond as she was of TSE, when he wore his Faber hat she could be merciless.

In 1954-55, TSE was to devote a large amount of his time to helping Djuna put The Antiphon into shape, a play which he described to Edwin Muir, whose help he enlisted, as "a work of genius and inutterably absurd." Although it had an unsuccessful reading at Harvard in 1956, TSE regarded it as Djuna's second masterpiece and Dag Hammarskjöld (whose death was a personal blow to her) co-translated it into Swedish.

On 12th June 1969 I was in the New York Public Library transcribing The Waste Land when the telephone rang with an invitation to dine that evening with Ezra Pound and Olga Rudge, who had arrived unexpectedly from Italy some days earlier. (This was his first visit to America since being released from St Elizabeth's Hospital in 1958, and he had wept at the sight of the Waste Land manuscript.) I explained that Djuna and I were going to celebrate her 77th birthday at her favourite French restaurant, Charles, in Greenwhich Village and they urged me to bring her for drinks afterwards as they were staying nearby. Djuna received the news in silence but began to eat very slowly, paused lengthily between courses and talked inordinately about Dolly Wilde, Oscar's niece.

I knew Ezra did not admire her work, but they had always liked each other, so finally I asked why she did not want to see him again. "I am frightened because it is almost 40 years since we last met," she answered.

It was approaching midnight when we left and feeling that I should apologise to Olga, I ran up the steps to their door, which was opened before I reached it by Ezra's grandson, Walter. "We're waiting!" he called. There was no escape. As Djuna climbed painfully behind me, I suggested that she should reminisce about their Paris days. This she did superbly. An occasional chuckle came from Ezra who sat with folded arms as she recalled people they had both known. When Peggy Guggenheim was mentioned, Olga nudged Ezra and said, "You never liked her, did you?" Djuna stopped and I feared the spell was broken. Fortunately Olga continued, "You always thought she had poor legs!" As Ezra laughed and nodded vigorously Djuna resumed her narrative.

When we rose to leave, to everyone's astonishment Ezra jumped up in his slippers to accompany us in Walter's car. On reaching Djuna's courtyard, she said peremptorily, "Come in a moment Valerie, I want to speak to you," so the two men waited while I obeyed. "I never thought I would see Ezra in this condition," she said almost accusingly, obviously distressed. But as we continued our journey to the East Side where I was staying, I could feel his delight in revived memories.

TSE recalled taking her home after they had lunched at the Lafayette. The New York taxi-driver, who had listened intently to their conversation, asked "Who was that dame?"

On being told, he thrust out his newspaper with a request for the name to be written down, as he wanted it for his brother-in-law "who's got culture."

I am grateful to the Virago Press for making this collection available to us. The interviews, covering the period 1913-1931 and illustrated with Djuna's drawings in the Beardsley manner, were done not only to pay the rent but also to support her divorced English mother and three brothers. They convey her voice and preoccupations; the article on James Joyce —who gave Djuna his annotated copy of Ulysses, which she later sold for someone else's benefit—is particularly impressive. Whenever she referred to them in conversation, I wondered if any of her subjects had felt disconcerted as she fixed her mocking grey eyes on them. She remarked once that, having no French, she had interviewed Maeterlinck "by osmosis."

In 1940 Djuna returned reluctantly to America, almost penniless and dependent on meagre royalties and a small, uncertain allowance from Peggy Guggenheim. She shared a room with her mother for a while before moving to Patchin Place, where her apartment consisted of a room and a half, with closet, bath and a kitchen "you could put in your pocket." During the war, TSE paid her London furniture storage-costs and in return she sent him beef and cigarettes, denying his suspicions that she deprived herself as a result.

Living frugally, often ill and lonely, she was nevertheless gallant, proud and difficult. The last few years of her life were eased by money from the sale of her papers. I remember her tall, spare figure, held very erect, in a neat black costume with a polka-dot blouse, a fur hat on her head and carrying a silver-headed ebony walking stick. Any enquiry about her health would be met with the words: "Breaking up nicely, thank you!"

Djuna Barnes, most enigmatic of the expatriate American writers of the 1920s

Margaret van Hattem on a new look in the Soviet Union

All change?

THE SIXTH CONTINENT: RUSSIA AND MIKHAIL GORBACHEV
by Mark Frankland. Hamish Hamilton. £12.95. 286 pages

SHADOWS AND WHISPERS: POWER POLITICS INSIDE THE KREMLIN FROM BREZHNEV TO GORBACHEV
by Dusko Doder. Harrap. £12.95, 368 pages

MIKHAIL GORBACHEV's efforts to regenerate the Soviet empire call to mind a jockey taking an elephant over the course at Aintree. The spectacle of the rigid near-feudal administration moulded by two decades of Brezhnevism being spurred and goaded toward economic efficiency within a communist framework continues to fascinate us, in the sceptical West.

That a bureaucratic élite innocent of initiative and risk-taking, and a workforce unused to responsibility or the prospect of material advancement, should be the instruments of his designs would appear to doom the enterprise. Yet there is something about the man and what he is trying to do that is intriguing—except, of course, to those who would prefer him simply to admit that 1917 was all a mistake, and to devote his effort to restoring capitalism.

How strong, we would like to know, is the resistance to his reformist plans? How well organised? Does he stand a chance?

In his penetrating survey of the years 1982 to 1986 the Observer's former Moscow correspondent, Mark Frankland, asks another question which helps to put everything in a historical perspective. How did the Soviet establishment, almost certainly against the will of its majority, produce a leader so committed to change?

Charting Gorbachev's rise to power, Frankland confirms that he was a dab hand at "the old-fashioned Kremlin politics of intrigue and innuendo," securing powerful patrons, squeezing out potential rivals, and—once at the top—getting his supporters into key positions more rapidly than any of his predecessors.

But he was the beneficiary of a new element in the struggle for the succession, and consolidation. There had already been a real, if subterranean, debate within the establishment on the need for change if the Soviet Union was to survive as a world power.

Here, Frankland shows, Gorbachev's debt to Brezhnev's successor, Andropov, was immense. Many of the economists, political scientists and editors who are now providing Gorbachev's policies with political and intellectual respectability reached their platforms during the former KGB chief's brief term—only 15 months—as leader. In the longer perspective, Andropov may yet turn out to have been the greater innovator of the two. Certainly he was largely responsible for the way in which old heresy has become new orthodoxy.

But if the new orthodoxy survives, may not the forces of inertia reassert themselves? This is the fear of Dusko Doder, the Washington Post's man in Moscow from 1981 to 1985. His ferret's eye view of the Kremlin intrigues during the period usefully complements Frankland's more analytical, historically-oriented book.

Doder sees Gorbachev as "almost a tragic figure." Setting out to modernise his country, he has set his sights too high. What he is attempting amounts to a second dose of de-Stalinisation, but a much more complicated and risky one than Kruschev's efforts in the 1950s ultimately bringing about his downfall.

Although Frankland has no illusions about the problems confronting Gorbachev—it will be a long time, he warns, before we can tell whether the reforms actually work—he is hopeful about the process. Not so Doder. At the centre of Gorbachev's vision, he fears, "there seems to be an ill-defined core." His democratisation may once again mean destabilisation, in those East European régimes awaiting a new generation of leaders. How far, they will be wondering, dare they go? Or do they dare to hold back?

But Doder does not foresee Gorbachev going the way of Kruschev. The voices now calling for radical solutions and more openness have not lost the habit of speaking in well-drilled unison. This exceptionally conservative society cannot easily be manipulated, he insists, and he reminds us that "in the past it has responded mostly to force."

Today's reformer-in-a-hurry, therefore, may revert in desperation to the style of that other would-be reformer, half a century ago. Gorbachev "could become an autocrat if the inherited problems prove intractable, and if his people exhaust the energy and commitment of the new Kremlin management team."

Such worries cannot be brushed aside; but at least Frankland's book emphasises that many people in positions of influence in the Soviet Union realise that there can be no going back.

Boult: not a showman but a masterly interpreter

So cool a maestro

ADRIAN BOULT
by Michael Kennedy. Hamish Hamilton. £18.00, 342 pages

WELL BEFORE his death at a great age, during the sunset years when he conducted less in public but happily for us made many recordings, it was clear that Sir Adrian Boult, in spite of his marked indifference to the personality cult, was by no means the least gifted or interesting of the musical knights of his generation. The appearance and manner of an upper middle class English gentleman, correct and reticent to a fault, were in many ways misleading.

Michael Kennedy's biography, a more distinguished literary memorial than most erected to famous musicians in the years after their death, explores beyond and around the accepted view. Boult the non-showman, with nothing more eccentric about him than abstemiousness, became a masterly interpreter of Elgar, Vaughan Williams and their peers as well as the standard classics, yet he was not the insular, Prom-centred product of home-grown traditions and institutions one might expect. It even appears that he was slow to warm to Elgar's music. In more than musical matters he was a good European, with federalist leanings.

Boult conducted much abroad. Whether touring with a British orchestra or appearing as guest with the local one he rarely failed to include a British work in his programme. His recordings of Mahler songs with the Vienna Philharmonic and Flagstad as soloist are a valuable reminder of his continuous if typically untrumpeted championship of that composer. Foreign orchestras respected him for his musicianship and for his command of languages, which included excellent German.

His catholicity of taste was partly personal enthusiasm, partly a sense of duty not always shared by conductors of his standing. He must have conducted, faithfully and reliably, a great deal of music to which he was not strongly attracted, though no-one who heard his concert performances of Wozzeck and Doktor Faust could believe those scores had no appeal for him.

Boult wanted, but was denied, an operatic career. Early experiences at Covent Garden and with the BNOC did not bear much fruit. To Kennedy Boult complained "Beecham kept me away." There is something in that, though Beecham might have said in rejoinder that other people had tried to keep him (Beecham) out of opera and, what is more, to keep opera itself out of this country. Boult disliked and distrusted Beecham, who is said to have casually remarked one day "Adrian came to see me, reeking of Horlick's."

Be that as it may, remembering a very fine Fidelio at Sadler's Wells not long before the war, one must regret Boult's infrequent operatic appearances. Admittedly, by that time, he was too deeply concerned with the BBC to take on much. Kennedy reminds us of Boult's parallel interest in the dance—he conducted for Diaghilev and, years later, honoured the Royal Ballet for performances of Job and Enigma Variations.

The outer shell of conformity and even meekness disguised an ironic bite to his conversation and, apparently, a temper all the fiercer for being rarely allowed to erupt. Was it, one wonders, this outward shell that misdirected the BBC to treat Boult so unimaginatively, to put it no stronger than that, when the time came for retirement? In retrospect this appears as a discreditable and not untypical chapter in the depressing history of British philistinism.

"Ultimately he lacked driving ambition," writes Kennedy towards the end of his book. Boult certainly lacked the desire for personal glory that distinguishes many stars of the baton. There was in his career an element of the amateur determined to prove his professionalism through technical ability. This may have reflected a desire to escape from the damp pastures of English musical insularity. This background is constantly illuminated in Kennedy's valuable study, sometimes amusingly, sometimes saddeningly.

Ronald Crichton

Idols and iconoclasts

WARREN BEATTY
by David Thomson. Secker & Warburg. £14.95, 442 pages

STATE OF THE ART
by Pauline Kael. Marion Boyars. £18.95 ,382 pages

PASOLINI
by Enzo Siciliano. Bloomsbury, £20.00, 401 pages

IN HIS life of Warren Beatty, as in his recent book Suspects, David Thomson is out to blur the dividing line between fact and fiction. In Suspects he took twenty-odd famous movie characters and wove mock biographies around them. Now he has written a life of Beatty, Hollywood's long-serving heart-throb and Don Juan (whose amorous catalogue includes Joan Collins, Leslie Caron, Natalie Wood, Julie Christie and Diane Keaton), and interlaced it with a fictional story about an imagined star.

The second is supposed to shed light on the first. But the light is intermittent and it is refracted through an infuriatingly precious prose style ("He had been seduced into this party where death was sipped from canapes and wounded sexual eyes"), Thomson is far more compelling when tackling the real Beatty; especially the star's tension between engaging diffidence and sexual showmanship, symbiotic contraries that Thomson traces through the way they manifest themselves in his acting and even in the films he has made as a producer (Bonnie and Clyde) or an Oscar-winning director (Reds).

At times the author's quill is wielded with a will and a wit—Rex Reed's 1967 Esquire profile of Beatty is described as "somewhere between a report on the actor's life and an attempt on it"—and a difficult, diffident subject is brought to vivid life.

One supporting character in Beatty's life story is Pauline Kael. The New Yorker film critic, she of the venom-tipped pen and bracing brio of style, once departed Manhattan to work as a script adviser to the Hollywood star. The furlough did not last long.

Thomson thinks this episode damaged Kael's stature and style: "She returned . . . less important in her authority and less potent as a writer." But I do not see it. Like a kung fu expert, Kael can take a film apart with a few choice flourishes whose economy leaves one gasping. In her new collection of reviews State Of The Art she so demolishes Flashdance ("Cuisinart movie technique: the perfection is in the slicing not the food"), Cross Creek ("On Golden Swamp") and many other luckless films. But she also champions movies loftily passed over by more conventional critics. She seeks out the secret life in films like Mrs Soffel or Moscow On The Hudson and makes a case for them. Not a case you have to agree with, but one that you certainly have to answer.

Enzo Siciliano's nine-year-old biography Pasolini at last appears in English and gives us a definitive voyage round the Italian poet and film-maker who died in 1975. Pasolini classically embodied a kind of "schizophrenia" common to many modern Italian artists (including, in the cinema, Visconti, Bertolucci and Bellochio): the contradictory tension in their beliefs between the institutionalised radicalism of Marxism, with its austere programme for altruism, and the desire to champion personal and sexual (in Pasolini's case homosexual) freedom.

Pasolini never resolved this tension in his films, and the best ones (Theorem, Pigsty, The Decameron) probably owe their energy to the fact that he could *not* resolve it. Siciliano depicts his life as a series of more or less violent confrontations: not only with himself and his own personality, but with the Italian censors, the courts, the Communist party, even with fellow writers and film-makers. His violent death seemed an appropriate last chapter.

Nigel Andrews

Perpetual dream

TWO LIVES AND A DREAM
by Marguerite Yourcenar translated from the French by Walter Kaiser in collaboration with the author. Aidan Ellis. £9.95, 245 pages

MARGUERITE YOURCENAR is most famous for her densely-written novel about the Emperor Hadrian, cast in the form of a letter written to his nephew, Marcus Aurelius. This is in effect the reflections of a humanist. There are other good novels. I do not myself accept the much canvassed greatness of Marguerite Yourcenar, but find her a worthy and genuinely learned popular novelist. She can do all that the late Mary Renault was supposed to do, and more.

Two Lives and a Dream, three tales, all historical, were said, by an incautious critic, when they first appeared in Paris in 1982 (in 1980 Mme Yourcenar had been the first woman to be made a member of the Académie) to be the best book of French novellas since Flaubert's Trois Contes. There probably haven't been many; but that is in any case a silly judgment, because Mme Yourcenar is not in that league—but nor are more than two or three others in any language in this century. . .

Still, they are very good within their limitations, and they are excellently (though not brilliantly or poetically) written. The first, "An Obscure Man," is set in the Amsterdam of Rembrandt, and tells of a Stendhal-like hero, Nathanael, who is shaped by hostile circumstances and hardly complains. He is a sort of Spinoza who failed to survive, though through no fault of his sensibilities. The next story, "A Lovely Morning," is a short fantasy about Nathanael's son, who becomes an actor and dreams happily of his future existence.

The last story, "Anna, soror . . ." about incest, and set in Naples at the end of the 16th century, is the strangest and most impressive of all, although it is spoiled (for me) by being massively overwritten.

Martin Seymour-Smith

Poisoned selves

COLD SPRING HARBOUR
by Richard Yates. Methuen. £10.95, 182 pages

RICHARD YATES is an American novelist who has been writing for the past 25 years. He is best known for his ruthless realism, and was much praised by Tennessee Williams. His Revolutionary Road Kurt Vonnegut thought "The Great Gatsby of my time."

Cold Spring Harbour is set in New York and a small Long Island town during the years of the Second World War. It concerns, mainly, the redemption of a lout called Evan Shepard—although some readers might consider that no redemption takes place. It is an unusual novel, written with the soft brutality which we have become used to from this writer. Certainly Yates deserves his reputation for presenting reality in a new manner, making us see that some apparently appalling behaviour is less appalling than heartlessness.

Yates seems to be a pessimist, for his theme is the inexorability of solitude: the way in which, for all narcotics against it, it persists. Yet there is all the time another theme nagging away at this: the necessity of others. At this stage in Yates's development the two themes counterpoint each other, and the results are powerful and at times uncanny.

M. S-S.

New Prize

NCR, the computers and terminals company, has announced a new literary award, worth £25,000 to the winner. It will be given for an original work of adult non-fiction. It excludes educational and academic texts. The judges are Jeremy Isaacs, Tessa Blackstone, Norman Stone and Victoria Wood.

The new prize is currently the most valuable on offer to authors in Britain. It is administered by the Publishers' Publicity Circle.

Despite economic pressures, this year's 41st Festival is offering plenty of fringe, films and foreign imports

Edinburgh opens its doors to the world

Festival faces in 1987, clockwise from top left: Mary Queen of Scots; Calum Colv in's heroes in New Scottish Art, Donal McCann in Juno and the Paycock, Michael Tilson Thomas conducting the Pittsburgh Symphony, drawings by Jean Jouvenet and Charles-Joseph Natoire in the National Gallery, director Frank Dunlop with festival actresses Jill Bennett and Hannah Gordon

THEATRE
Michael Coveney

THE 41st Edinburgh International Festival opens next weekend with a stand-still grant of £558,000 from the Edinburgh City Council (last year's additional £80,000 for the dreaded "outreach" community projects has been withheld), £473,000 from the Scottish Arts Council and an anticipated £1m box-office revenue.

Frank Dunlop, the artistic director, and his team are already carrying a huge deficit, but their mixed-economy drive has yielded a doubling of last year's commercial sponsorship: £400,000 has been raised from such companies as Standard Life, the Scottish Post Office, Guinness, the Royal Bank of Scotland, the House of Fraser, Tate & Lyle, and Shell UK.

It seems neatly ironic, then, that Mrs Thatcher's newly ratified self-help British constituency should play host this year to a plethora of companies from the Soviet Union pledged to celebrate the 70th anniversary of the October Revolution.

Art thrives in the conflicts of ideology but acknowledges no fence or boundary when it travels. Thus the drama programme, continuing Dunlop's rather touching obeisance to a concept of international theatre that went out, if not with the Ark, then at least with the late Sir Peter Daubeny's Aldwych World Theatre Seasons (last month's LIFT festival was more to the contemporary point), includes the Gorky Theatre of Leningrad's 1975 version of Tolstoy's *History of the Horse*, which I thought admirable about 10 years ago but which is not all that swish a tail; the decrepit Berliner Ensemble in a new *Troilus and Cressida* and the venerable *Caucasian Chalk Circle* (Ekkehard Schall's Azdak is one of the great classical performances); and the Gate Theatre of Dublin in a really superb and thoroughly conventional (poorly designed) *Juno and the Paycock*.

More promisingly eclectic official items are the Cameri Theatre of Tel Aviv in James Saunders' version of von Kleist's *Michael Kohlhaas* and the controversial *Kiddush* by Shmuel Has'fari, whose scabrous satirical revue *The Last Secular Jew* I saw in Israel in June; and the Raun Raun Theatre of Papua New Guinea making their European debut in three folk plays, courteously performed in "pidgin English."

On the fringe, this will be Liverpool poet Roger McGough's 28th festival, and whenever I feel jaded about the prospect of yet more alternative comedians in the Assembly Rooms, I just study his example of cool, enthusiastic neutrality, and wonder. The Assembly Rooms, still managed by the most charming of cheerleaders, William Burdett Coutts, expects 100,000 people to see 600 performances. I'd go for the glitzy Bloolips, the wonderful Mexican *Donna Giovanni* fresh from LIFT, Tom Robinson and possibly the Cambridge Footlights.

The Traverse is bound to be interesting and I am tickled in advance by an off-premises wash house installation, *Le Lavoir*, as well as by new work from John Clifford, Annie Griffin and the ever welcome Market Theatre of Johannesburg.

Other promising fringe venues are the Comedy Boom in Leith Walk (if you fancy *Total Abuse* or *Bootlicking Snarling Weasels*), the Richard Demarco gallery (where "the most daring impresario of world avant-garde" holds sway), the Fringe club in Teviot Row and, a new one, the Gilded Balloon in Cowgate, which offers a new Robert Patrick piece about Jackson Pollock, and Helen Lederer with Raw Sex (no extra charge).

Several fringe groups are coming to the aid of Nicaragua but are not part of the October Revolution official party. But there is an overall dullness about the fringe programme this year which even titles like *Gawd Me Nuts Vicar, You've Split the Packet* and *Prophylactic for Sale, One Careful Owner* can do little to enliven. Experience will no doubt confound expectation this time next week.

Finally, Dunlop's own festival production is Schiller's *Mary Stuart* in the old but very fine Joseph Mellish translation. His homegrown programme otherwise has such deadly lectern and glass-of-water exercises as Sheila Reid impersonating Dorothy Parker and Wendy Hiller reminiscing about Bernard Shaw. No doubt a corrective lest we become too international and avant garde.

CINEMA
Nigel Andrews

BRITISH CINEMA is strongly highlighted in the 41st Edinburgh Film Festival. As Cannes proved last May, British independent movies are among the best in the world at present. Edinburgh fields two major Cannes successes—Peter Greenaway's *The Belly Of An Architect* and David Leland's *Wish You Were Here*—and premieres a series of eagerly anticipated UK films, including Lezli-An Barrett's *Business As Usual*, *Withnail And I* and Alan Clarke's *Rita, Sue And Bob Too*. Also making its bow is Derek Jarman's latest movie, a tragical-satirical-surreal anatomy of the nation, *The Last Of England*.

A British director, too, opens the festival. Alan Parker's US-made *Angel Heart* is a darkly flamboyant melodrama of doubles and devils, starring Mickey Rourke and Robert De Niro. (Darkly loopy too, in my opinion, but more of that anon.) And I would steer you firmly towards two of Edinburgh's other international treats. The Taviani brothers' *Good Morning, Babylon*, the tale of two Italian immigrants afloat on the stormy seas of early Hollywood film-making, is a movie of mixed magic whose best moments are a must. And Edward Yang's *Terrorisers* is an urban thriller-cum-character study, superbly made by Taiwan's answer to Antonioni.

Edinburgh also boasts strong movie contingents from France (*Desordres, The Night Is Young*) and Italy (*Pole To The Equator, Romance*). And from the USSR comes the now habitual glasnost armada — whose like has been seen at most festivals this year — consisting of a fleet of movies piloted into town by their own directors. Among the directors: Eldar Shengelaya and Vladimir Abdrashitsov. Among the films: *Blue Mountains, Parade Of The Planets* and *Letter From A Dead Man*.

Meanwhile, American cinema is scanned, as always at Edinburgh, for the best in intelligent entertainment. New films from Jim (*Breathless*) McBride and Jonathan (*Something Wild*) Demme will be surfacing, plus an action melodrama from Walter Hill, *Extreme Prejudice*, and a well-spoken-of comedy from Tony Bill, *Five Corners*. And returning to British cinema, the Association of Independent Producers will conduct a series of "case studies" (alias seminars) on individual movies, like those by Clarke and Greenaway.

VISUAL ARTS
William Packer

WHATEVER the theme of the Festival might be, the exhibitions in and around it usually go their own way Most open in advance of the Festival proper and continue for some time after.

On the contemporary side, the major offering is the large selection of New Scottish Art, *The Vigorous Imagination*, sponsored by Shell UK, at the Scottish National Gallery of Modern Art in Belford Road (August 9 until October 25). It shows both painting and sculpture, each in the broadest interpretation, but is principally characterised by the bold, anecdotal figure painting of such artists as Stephen Campbell, Andrei Wiszniewski and Peter Howson, who have lately emerged from the Glasgow School of Art.

The Royal Academy supplies an international dimension to the coverage of contemporary art, embracing such luminaries as Anselm Kiefler, Andy Warhol, Georg Baselitz and Frank Auerbach from the spectacular collections of Charles and Doris Saatchi (August 7 until September 5).

David Salle, one of the leading younger painters from New York, is given a one-man show at the Fruitmarket Gallery (August 8 until September 25). In and around the city, the principal galleries and dealers in contemporary art, notably The Mercury Gallery on the Mound, Richard Demarco, the 369 and the Scottish Gallery, will all mount their independent contributions to the festival. Indeed the 369 Gallery's offering looks especially intriguing, being the first major exhibition in Britain of younger contemporary Russian art (at 233 Cowgate, August 1—29).

On the more historical side, the general Russian theme of the festival is continued at the Scottish National Portrait Gallery with a show of 19th century photographs by the Scotsman, William Carrick, who travelled to Saint Petersburg and the Volga region in the 1860s and '70s (until October 18). The Royal Museum of Scotland, in *Tbilisi to Tashkent*, is showing the traditional decorative arts of Soviet Central Asia (August 9 until September 20).

Miniature Masterpieces, at the City Art Centre, is of traditional but contemporary lacquer work from the village of Palekh (until September 5).

On the broader historical front, the National Gallery of Scotland has brought over a large group of French old master drawings from the collections of the Nationalmuseum in Stockholm, with special emphasis on the great 18th century masters, Watteau, Boucher, Oudry and Chardin (August 7 until October 11).

And, again at the Scottish National Portrait Gallery, two major related shows to mark the 400th anniversary of her execution on the order of her cousin, celebrate Mary Queen of Scots.

One is an international loan exhibition, *The Queen's Image*, comprising authentic portraits, representations and history paintings. The other concerns itself with *The Queen's World* through the paintings, *objets d'art* and trappings of her own time in the 16th century (until October 4).

Finally, *It Cam Wi' a Lass*, at the National Library of Scotland (until September 3), is a literary and general arts exhibition that addresses itself to the cultural impact upon the national imagination and experience of the Stuart dynasty in triumph and disaster.

DANCE
Clement Crisp

ONCE again ballet and dance are poorly represented at this year's Edinburgh Festival: the days are long gone when major companies were seen in the city's dreary theatres. Ballet is represented by the "Homage to the Ballets Russes" programme which the Ballet Théâtre Français de Nancy has shown over the years, often—as now—with Rudolf Nureyev as guest star in *Petrushka, Le Spectre de la rose, L'Après-midi d'un faune*, and with *Les Biches* to complete the bill. The performances will be seen between August 18-22 in the cavern of the Playhouse Theatre, and ballet-goers may care to note that the same programming will be in London at The Palladium a week later.

Interspersing the Finnish National Opera's presentations at the King's Theatre, the National Ballet of Finland will give two performances of Yury Grigorovich's charming version of *The Nutcracker* on August 25 and 27. *The Soul of the Terracotta Army* is announced in the Festival brochure as "a dance drama," and occupies the Playhouse between August 24-29. There is no indication as to who is performing it, and beyond guessing that the artists will be from China I am not prepared to hazard an opinion.

For three days, August 9-11, Siverko, a troupe of singers and dancers from Archangel will appear. The brochure, which runs a nice line in hyperbole, says that this "is wonderful, wonderful entertainment for parents and children." It also describes Archangel "in the frozen north of Russia" as "that beautiful region." From Los Angeles comes the Black Ballet Jazz troupe, with singers and dancers and jazz musicians at the Playhouse between August 11-15.

MUSIC
Max Loppert

UNDOUBTEDLY the single most eagerly awaited event on the Edinburgh opera schedule is the British première of Aare Merikanto's *Juha*, a Finnish opera of the 1920s neglected for several decades, only to be revealed thereafter as something very near a modern masterpiece. This comes in the first-ever Edinburgh visit of the Finnish National Opera (August 26-30), which also shows off its *Rigoletto*. Both operas, Verdi's and Merikanto's, provide a strong vehicle for Jorma Hynninen, company boss and also one of the finest baritones of the present day.

Earlier in the festival season the Alte Opera Frankfurt supplies the first staged British performances of the second collaboration between Hans Werner Henze and Edward Bond, *The English Cat* (August 19-22). This is sited in the extremely incommodious theatre at Leith, which also gives house room (probably less awkwardly) to the second Edinburgh visit of Folkopera of Stockholm, a delightful "workshop" company used to performing in a ramshackle converted Stockholm cinema. Their *Magic Flute* is an absolute charmer (August 11-15).

For the first time there is to be a "Resident Orchestra," the Pittsburgh Symphony, giving six concerts (August 21-26), three under its Principal Guest Conductor Lorin Maazel, two under Michael Tilson Thomas, and one—a concert version of Gershwin's *Girl Crazy*—under the Scottish Opera musical director John Mauceri. But other orchestras are not entirely banished: the Bolshoy Theatre Orchestra appears four times in the opening week, and the Scottish Chamber and National and BBC Scottish orchestras fill out other dates interestingly.

Notable among the morning chamber recitals at the Queen's Hall is the complete Beethoven string quartet cycle (between August 11 and 21) that the Melos Quartet of Stuttgart are undertaking; also rare appearances by the Shostakovich Quartet (August 25 and 29), the Kirov mezzo Irina Bogachova (August 18), and—in further response to an idea first developed in the 1986 Edinburgh Festival—a "weekend of 20th century music" (August 22-24) under the direction of the conductor Esa-Pekka Salonen.

EDINBURGH FESTIVAL USEFUL NUMBERS

Fringe Information	031 226 5257/9
Fringe Club	031 667 2091
International Festival	031 226 4001
Film Festival	031 228 2688
Jazz Festival	031 557 1642 or 031 557 1548
Assembly Rooms	031 226 2427/8
Book Festival	031 220 1259
Tourist Information and Accommodation	031 557 2727
Fringe booking by Credit Cards	031 226 5138
Military Tattoo	031 225 1188
Traverse Theatre	031 225 3322

Coco Chanel, photographed in Paris in 1937 by Horst P. Horst, is one of many distinguished exhibits in "Collecting Photographs" opening at Hamiltons Galleries in Mayfair, London, next week. Other masters of the medium on show include Cartier-Bresson, Man Ray, Cecil Beaton, Irving Penn, Don McCullin and Norman Parkinson. The idea is to educate prospective collectors in sale-room values and such topics as the difference between vintage and modern prints. Until recently, New York has been the main market for 20th century photography but now London, and galleries like Hamiltons, is mounting a strong challenge.

Video
Gems unearthed

THE VIDEO market is often criticised for swallowing all the miscellaneous rubbish that drifts its way, like the more undiscriminating varieties of shark and whale. But there is a good side to omniverousness. For the video companies' appetite also finds room for small chamber movies whose lack of spectacle has kept them off the large screen.

Death of a Salesman (Warners) has German director Volker Schlondorff directing Dustin Hoffman in a film version of Arthur Miller's play. Shot in unabashedly theatrical sets, this is no more than a screen record of Hoffman's Broadway stage triumph. But it is no less either. Choreographed like a corrida, it is thrillingly acted by Kate Reid (Linda), John Malkovitch (Biff) and above all Hoffman as Willy Loman. His big-beaked face stark with fear and defiance, a few grey hairs wisped across his scalp, his voice sandpapered into a 60-year-old rasp, Hoffman defies the drawbacks of his age and turns in a *tour de force*. Next stop King Lear?

The never-released *Club Paradise* (Warners) would also have fallen into oblivion but for the safety net of video. Why the studio moguls shelved this movie is a mystery. It is a spry, scatterbrained comedy with a charismatically all-sorts cast: Robin Williams, Peter O'Toole, Twiggy, reggae star Jimmy Cliff and Harold Ramis. The last co-wrote and directed the film, and since he also co-wrote and directed the phenomenon called *Ghostbusters* you would think his bosses would have given him the benefit of the doubt.

Ramis himself is very funny as a fretful tourist — he looks like Groucho Marx minus moustache and cigar but with wisecracks — and the witty dialogue flies fit and fast in the Caribbean holiday retreat of the title. Founded by ex-Chicago fireman Williams, the place is theoretically deluxe but actually disaster-prone, and somewhat fuller of ex-cons than mod cons. The pairing of Williams and O'Toole, as an effete British governor with a Wildean quip for all occasions, is inspired. Recommended.

Likewise *The Mosquito Coast* (CBS/Fox), a kind of *Club Paradise* flipsided into tragedy. Harrison Ford leads the family hewing out a back-to-nature life in the Central American jungle, and Peter (*Witness*) Weir luminously directs.

Also bobbing into view this month are the patchy comedy *Whoops Apocalypse* (Virgin), the camp shocker *Toxic Avenger* (New Media), the likeable Irish whimsy *Eat The Peach* (RCA/Colombia) — all about wall-of-death motorcycling but with a domestic subplot that also tends to go round in circles — and the by now famous, or infamous, *Betty Blue*, gift-wrapped erotica from Jean-Jacques Beneix. Here is a film which shows how far French cinema has travelled, mostly in the wrong direction, since the brave shoestring days of Godard, Truffaut and company; when the fewer the production values, the greater the opportunity for brilliant and trailblazing shorthand.

Nigel Andrews

CHESS No. 682. 1 R-Q3. If KxR; 2 B-R5, KxB; 3 R-Q4, K-R3; 4 R-R4 mate. If 1...K-B7; 2 R-KN4, K-K8 or B8; 3 R-KN2 and 4 R-Q1 mate.

Radio
Top of the world

LAST Sunday, Cindy Selby told us on Radio 4 how she climbed Kilimanjaro with the courteous and cheerful attendance of an African guide. Miss Selby told us what she wore to counter the cold at 19,350 feet, of the colobus monkeys ("look, they're making love," the guide said without embarrassment) and the hippos she saw, of the possible effects of the altitude. She described the splendid view from the summit at Mt Uhuru (it was Mt Kibu in my day), and the appalling slums at Marangu, where the climbs begin and the tradesmen and the touts operate. I found it very nostalgic, though the only time I made the heights of Kilimanjaro was in an aeroplane flying from Nairobi to Mombasa.

That was the tourist's eye view. A wider view of mountain country comes from the excellent Radio 3 series *Himalaya*, which reached the fourth of its seven parts an hour after Miss Selby had come down from Kilimanjaro. This part, excellently presented by John Keay, dealt with conservation.

The problem is that the increase of industry calls for more timber, and it is hard to persuade the people of Pakistan, India and Nepal that the trees which they consider their own heritage should be taken from them for the use of strangers, while they themselves are asked to conserve them. Excessive grazing by goats and the effects of limestone quarrying are more factors to be considered, and the unwelcome trails of the new kind of visitors to Katmandu. In Nepal, we were told, there are now three religions—Hinduism, Buddhism and Tourism. It was good to hear that India, Pakistan, Nepal and China are collaborating in this field.

None of Nepal's three religions will satisfy the endlessly curious who wonder why the world should contain so many insatiable problems for its occupants. The answer may lie in Stephen Dunstone's *God's First Draft*, which Anna Massey read on Radio 3 last Saturday. Could it be that when God first created the world he left out some of the items that repel us today? And that the world didn't work that way, so had to be cancelled and designed again? And again, and again, until, at the fifth try, God made the world as it is today, "and let them learn from their mistakes."

Radio 4 is running a series of three monologues on Wednesday afternoons under the overall title of *The Unquiet Heart*, though they are only a series in the sense that they deal with basically similar problems. The first, this week, was *Getting Stratford*, by Dave Sheasby, the thoughts of a traveller in souvenir prints who did good business in every historic centre he visited except the Stratford theatre (wisely kept unspecified) where the manager resolutely refused even what his assistant approved. I thought it entertaining and convincing, apart from the retired Captain, RN, with his ginger moustache. It was well performed by Clive Swift and directed by Robert Cooper.

I confess that I did not listen to the whole two-and-a-half hours of *The Last Days of Socrates*, which Radio 3 gave in two parts, on Friday of last week and last Tuesday—a confession I would never make at the Olivier or the Barbican. I was never bored; Plato's dialogues have been turned into current English by David Rees and John Theocharis from Hugh Tredennick's translation, and Leo McKern gave a totally authentic impression in his playing. Only pressure of other affairs severed me from my set, and I must apologise to all concerned. John Theocharis directed.

B. A. Young

WEEKEND FT

SPORT

Athletics/Brian Bollen

Chance to aim at the stars

An AAA title can mean instant marketability and the thud of lucrative invitations on the doormat

CRYSTAL PALACE today sees the start of the 98th Amateur Athletic Association championships—the culmination of a season of district and regional competitions across Britain. Entry is open to competitors from anywhere in the world, with the list of past winners reading like a Who's Who of world athletics.

Names on the roll of honour include home favourites like Steve Ovett and Brendan Foster, and overseas stars like Don Quarrie of Jamaica and Henry Rono of Kenya—not to mention a certain Ed Moses of the US, who only recently lost a near 10-year unbeaten world hurdling record.

Title-holders in the 1920s included Eric Liddell and Harold Abrahams of *Chariots of Fire* fame, while royalty featured too: Prince Adegboyega Adedoyin of Nigeria won the high jump in 1947.

The AAA was founded in 1880, and for the inaugural meeting that year published 16 rules for competition, establishing the essentials of today's internationally recognised rules.

It is a pity that television wasn't around to record the early characters and their exploits, although the very first event at a rain-soaked Lillie Bridge in West London might have been a turn-off. The sole entrant for the mile, Walter Goodall George, splashed home in 4 minutes 28.6 seconds.

In 1881, American eight-stone weakling Lawrence Myers won the 440 yards in Birmingham, despite displaying signs of consumption and being sick after each race.

I wonder how many people, even Trivial Pursuit fans, could name the first black man to win an AAA title. That particular niche in history belongs to West Indian-born Arthur Wharton, the 100 yards champion back in 1886.

Once the premier meeting in the UK, the AAA gathering has been downgraded by the over-hyped spectacles on the so-called Grand Prix circuit. But the event still has a role to play and provides a good grounding for the disciplines of major championships.

Adding spice this year is the proximity of the World Championships in Rome, just a month away. The names of the athletes joining those pre-selected will be announced on Monday, and selection for some with a chance of making the British team will hinge on a good display this weekend.

A much-cited reason for retaining the AAA meeting on a crowded calendar is that it gives "ordinary" club athletes the chance to run against the stars, even if only in a heat. But perhaps of greater importance, a title still has some value in terms of prestige and earning power.

Athletes like to win an AAA title, and for those who prove themselves in this way it can mean instant marketability and the thud of lucrative invitations on the doormat.

One plus for middle distance fans is the certainty of seeing real races. There are no pacemakers in championship events, so races have a different complexion from Grand Prix time trials. Barring accident or injury, any athlete who starts a race will finish it. Races are often more tactical than fast, and are all about who can get into the best position with 200 metres to go.

Scotland's Alan Wells: more and more like Wilson of The Wizard

The big race should have been the 5,000 metres, with old stagers Steve Ovett and Dave Moorcroft slugging it out for the final berth at the distance in Britain's world championship team. Moorcroft, who is 34 and running on borrowed time, performed excitingly in two recent comeback races, over 5,000m and 3,000m. But his showing in last Sunday's Emsley Carr mile at Gateshead, when he trailed in last, proved that he is right not to exaggerate his ability to run seriously in major competitions.

With Moorcroft dropping out, Ovett should clinch his place, but to do so he must win or be the first Briton home. A spanner in the works could be Garry Staines, who won the two miles at Gateshead in exciting fashion from Jack Buckner, who is pre-selected for the 5,000 metres. Look out, too, for John Walker. At 35, the New Zealander won last week's Emsley Carr mile and is in good form.

A question mark hangs over the participation of sprinter Linford Christie, who has delayed until next week his flight abroad to concentrate on training and sharpening up his notoriously poor starting technique for the 100 metres.

Christie's impressive sequence of wins was interrupted by a poor third place in the Peugeot Talbot Games at Crystal Palace, and he just might reverse his earlier decision not to run. In his likely absence, the grand old man of sprinting, Scotland's Alan Wells, could be a late contender for a ticket to Rome.

Increasingly acting and dressing like Wilson of The Wizard, a confident Wells made his customary late start to the season at Gateshead, and took the honours in the 100 metres, beating a reasonable field. In the 200 metres, the bulky but powerful John Regis has run into form late this season, and should win.

At 400 metres, Britain has an embarrassment of riches. Roger Black, Derek Redmond and Phil Brown should provide a fine exhibition race and fill the first three places, but watch for Mark Thomas, an emerging youngster from Liverpool.

Steve Cram, who is pre-selected for Rome at his favourite 1,500 metres but is having to qualify at 800 metres, should win the two-lap race, but he will be up against stiff opposition from gritty Yorkshireman Peter Elliott, the fastest Briton this year at the distance.

For the sake of his own credibility, Elliott really must start doing more than running bravely from the front, only to lose in the home straight. Rationing his appearances, as he has done so far this season, could be of help.

At 10,000m it is crunch time for Nick Rose, who has been pre-selected but still hasn't managed to run the qualifying time of 28 minutes. Technically, he has until August 16, but tomorrow is really his last chance. If he has to break 28 minutes any nearer to the world championships, he is unlikely to have enough time in which to recover. Don't put your money on his making it.

The one field event where Britain is currently doing nicely is the javelin. Mike Hill, who is having a fine season with the new javelin (he had three throws over 80m last Sunday), should just edge home from six-times champion Dave Ottley.

When David Bedford set a world record in the early 70s there were maybe 400 people in the stadium. But things have changed, so much so that there could be a full house tomorrow, when heats start at 12.30 pm. It's finals all the way from 2.55.

Highlights today include the 5,000m final at 6.05 and the 100m at 8.15. But note that it is men only competing. Women have their own separate governing body; *their* competition took place last week at a near-deserted Alexandra Stadium in Birmingham. Significantly, Fatima Whitbread, the world record holder for the javelin, slammed the absence of atmosphere and called for the two meetings to be amalgamated.

Women's Cricket/Teresa McLean

The distaff side of the game is not well understood, and can be rough, but it is here to stay

Blood, sweat and teas

"WHAT IS human life but a game of cricket?" wrote John Frederick Sackville, the third Duke of Dorset, in 1777. Delighted with his unanswerable question, he went on to ask another, much more provocative one: "Why should not the ladies play at it as well as we?"

Women's cricket was already a favourite subject of debate when the Duke wrote his exuberant defence of it more than two centuries ago, and it shows no sign of losing its grip today. People who have never played or watched cricket in their lives have strong views on women's cricket.

More so than ever now that the game's last bastion of conservative tradition has fallen to the invading forces of femininity. It would have warmed the Duke of Dorset's heart to see the second 1976 Test between England's women and the touring Australian women being played at Lord's.

England's women are currently playing this year's touring Australians in a Test at Worcester. I am pessimistic about their chances, just as I am pessimistic about the chances of women's cricket in general becoming a popular sport.

Third Dukes of Dorset are thin on the ground these days. But the Duke's robust, not to say homicidal spirit of all-in competition is alive and well in women's cricket at club and village level.

Having survived several years' experience of this kind of warfare, I am dubious about its value to the cause of getting women's cricket treated with respect.

I first played cricket at university, after a childhood of back lawn bowling and swiping at tennis balls with my brother. Coming from that background of sheltered domesticity and light-heartedness, playing the local women's club for the first time was like going out to fight a bulldozer with a piece of embroidery.

Everyone in the university team was used to being massacred by prep schools and men's colleges, to the accompaniment of hoots of derision and invitations to dinner. But this was something else—a massacre by tough, contemptuous women who didn't talk to us, drank their tea out of thermos flasks and wore appalling divided skirts while they knocked our bowling over the shed that served as a pavilion.

The real nitty gritty of women's cricket is not played on the lightweight university circuit or on the serious and respectable international circuit, but on the village and club circuit amid blood, sweat and tears. These last are, of course, among the hazards of the game at any level, whether it is played by men or women, but the huge quantities shed by the club for which I played last year were impressive by any standards.

Most of the blood and tears—I'd rather leave the sweat out of it—came from the opposition, either in the face of fast bowling on terrifyingly erratic pitches or, I am afraid, in the changing room after the match, where the struggle was continued.

I remember one match which featured two old enemies, one on our team and one on theirs, who had hated each other since their days at PE college together. They played the game quietly enough because their captains threatened them with ghastly reprisals if they made any trouble.

But the minute the match was over, before I'd had time to start changing my clothes, I heard someone shout, "You're a horrible, sordid woman," and they were hard at it, punching, kicking, pulling out tufts of hair and kneeing in the bosom.

One of them picked up a bat and was all set to lay into her opponent when we managed to pull them apart.

I don't want to give an unfair impression. A lot of women's club cricket is as ordinary as men's club cricket. Our team is usually foul-mouthed but friendly. It is nice to the opposition and provides big, luxurious teas. It has some big, luxurious women as well as thin, athletic ones in track shoes. It has two leg spinners, as do most women's teams. None of its members argue with umpires. They practise in the nets and drink in the pub after the game.

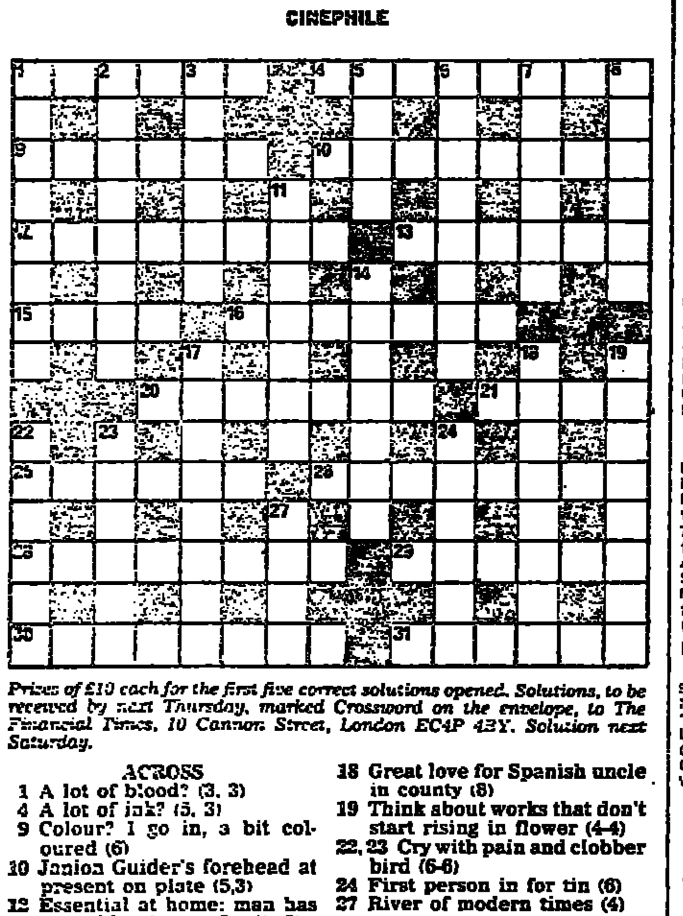
But the fact remains that the overall impression given by most women's clubs is rough. Life is hard and women's cricket is a game for those who are willing to take it by the neck, which is why a fair number of women dislike it.

Women's cricket is still arousing strong passions. Nowadays the most improbable heirs to the Duke of Dorset's enthusiasm for it are radical education authorities determined not to be sexist—cricket is being offered as a sports option in an increasing number of girls' schools. It is an encouraging trend and I am glad to see it.

Nevertheless, I don't expect women's cricket ever to be as popular as men's cricket. The current Test match is one of only two on the Australians' tour, it is only four days long and the third Duke of Dorset is not here to celebrate it. But he can rest assured that the humbler ranks of the game are overflowing with women making short work of what he called "censures on their usurping a game which custom, that cruel tyrant, has hitherto confined to the opposite sex."

FT CROSSWORD PUZZLE No. 6,393

CINEPHILE



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

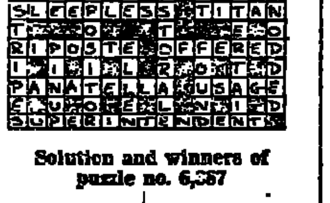
ACROSS

1 A lot of blood? (3, 3)
4 A lot of ink? (5, 3)
9 Colour? I go in, a bit coloured (6)
10 Junior Guider's forehead at present on plate (5,3)
12 Essential at home: man has something to pay for it (8)
13 Vegetables with holes in for party (6)
15, 17 Earl Hill, power behind the throne (4, 8)
16 Small stream goes in backward with high-pitched sound (7)
20 Turn compiler to announcer beheaded with stone (7)
21 Bill of fare makes people turn (4)
25 Name of hostess after chat? (6)
26 Policeman on round enters contents of shop to control flow (4-4)
28 Article in French paper on soft drink (8)
29 In singular lodging there's nothing to dye (6)
30 Careful about dress having had enough arms? (3-5)
31 William's fruit? (6)
18 Great love for Spanish uncle in county (8)
19 Think about works that don't start rising in flower (4-4)
22, 23 Cry with pain and clobber bird (6-6)
24 First person in for tin (6)
27 River of modern times (4)

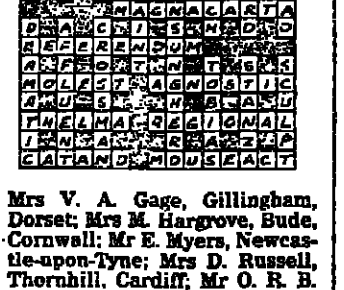
DOWN

1 Massages traces of brass? (8)
2 Relative changing the guard (8)
3 Follow round river to make certain (6)
5 Early bird's caper (4)
6 Coy drawl rendered in a certain colour? (8)
7 Exhibitor of waterfall? (6)
8 Strong man gets model in the end (2, 4)
11 North is otherwise abbreviated (2, 5)
14 They shrink from an instrument set out (7)
17 See 15

Solution to puzzle no. 6,392



Solution and winners of puzzle no. 6,387



Mrs V. A. Gage, Gillingham, Dorset; Mrs M. Hargrove, Bude, Cornwall; Mr E. Myers, Newcastle-upon-Tyne; Mrs D. Russell, Thornhill, Cardiff; Mr O. R. B. Slocock, London, SW12.

TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC1
8.30 am The Family Ness. 8.35 Dogtanian and the Three Muskehounds. 9.00 It's Wicked! 10.55 Film: "Mountain Man." 12.27 pm Weather. 12.30 Grandstand including 12.35 Polo; 1.00 News; 1.05 Show Jumping/Motor Racing; 2.00 Goodwood Racing; 2.05 Swimming (Hewlett Packard National Long Course Championships); 2.30 Goodwood Racing; 2.35 Swimming; 3.10 Goodwood Racing; 3.15 Show Jumping; 4.30 Motor Racing. 5.05 Cartoon Double Bill. 5.20 News. 5.30 Regional programmes. 5.35 The Krankies Elektronik Komik. 6.05 Rolf Harris Cartoon Time. 6.35 Film: "Carry On Cleo." 8.05 Seaside Special. 8.55 Bluebell. 9.50 News and Sport. 10.05 Miami Vice. 10.55 Monty Python's Flying Circus. 11.25 Film: "Take A Hard Ride."

BBC2
2.20 pm Network East. 3.00 No Limits. 3.45 The High Chaparral. 4.35 Film: "The Hideaways," starring Ingrid Bergman. 6.20 The Englishwoman's Wardrobe. 7.00 Discovering Portuguese. 7.25 Newsview. 8.05 Donnes O'Neill. 8.45 Film: "Carefree," starring Fred Astaire and Ginger Rogers. 10.05 On Stage. 10.30 Film: "Rasputin: The Mad Monk," (Christopher Lee stars). †12.00-1.35 am Film: "The Nanny" (Bette Davis stars).

LONDON
6.55 am TV-am Breakfast Programme. 9.25 Get Fresh. 11.30 The Roxy. 12.00 News. 12.05 pm Wrestling. 1.05 "Attack On The Iron Coast," starring Lloyd Bridges. 2.45 Football—The General Motors FA Charity Shield: Coventry v Everton. 5.00 News. 5.05 Walt Disney Presents. 5.15 Champion Blockbusters. 6.00 Cue Gary! 6.45 Kate and Ted's Show. 7.15 5 Alive. 7.45 Family Fortunes. 8.15 Summertime Special. 9.15 News. 9.30 Bulman. 10.30 LWT News Headlines followed by Clint Eastwood in "Two Mules For Sister Sara." 12.30 am "The Baron."

CHANNEL 4
9.30 am Listening Eye. 10.00 The Home Service. 10.30 Scotland's Story. 11.00 Same Difference. 11.30 Dancin' Days. 12.30 pm Sea War. 1.00 "Pittsburgh" (John Wayne stars). 2.40 "Sue My Lawyer," starring Harry Langdon. 3.00 Channel 4 Racing from Newmarket. 5.05 Brookside Omnibus.
6.00 Right to Reply Special. 7.00 News Summary followed by Time To Talk: Gerald Priestland. 7.30 Bandung File. 8.30 All Muck and Magic? 9.00 Nights and Days. 10.00 St Elsewhere. 11.00 Arthur and Phil Go Off . . . To Marbella. 11.45 "The Black Cat" (Hugh Herbert and Broderick Crawford star). 1.00 am Film: "The Big Combo," starring Cornel Wilde.

S4C WALES
11.15 am Symphony. 11.45 What The Papers Say. 12.00 Six Centuries of Verse. 12.30 pm Space Craft. 1.00 Same Difference. 1.30 Dancin' Days. Feature Film: "The Great Waltz." 3.00 Racing from Newmarket. 5.00 The Struggles for Poland. 6.00 Ar Y Creigiau. 7.35 Newyddion. 7.45 Siarabang. 8.15 Eisteddfod Genedlaethol Frenhinol Cymru. 9.15 Dyrion. 10.25 The Best of the Paul Hogan Show. 11.00 Arthur and Phil Go Off . . . To Marbella. 11.45 Feature Film: "The Black Cat." 1.00 am Feature Film: "The Big Combo."

IBA Regions as London except at the following times:—

ANGLIA
10.30 pm Star Movie: "The Missouri Breaks," starring Marlon Brando, Jack Nicholson and Kathleen Lloyd. 12.45 am Signs of a Saint.

BORDER
10.30 pm The Star Movie: "The Missouri Breaks," starring Marlon Brando, Jack Nicholson and Kathleen Lloyd.

CENTRAL
10.30 pm "Spectre," starring Gordon Jackson and John Hurt. 12.15 am Prisoner Cell Block H. 1.10 The Best of Benny Hill. 2.45 Central Live with Mike Tyson. Exclusive live coverage of the heavyweight title fight between WBC and WBA champion Mike Tyson and fellow American Tony Tucker, followed by Central News and Central Jobfinder '87.

CHANNEL
11.59 am Today's Weather. 10.30 pm Jack Nicholson and Marlon Brando in "The Missouri Breaks." 12.45 am The Forum Presents Roberta Flack.

GRAMPIAN
2.45 pm Feature Film — "Tales Of Manhattan," (Henry Fonda, Charles Boyer and Ginger Rogers star). 10.30 Jack Nicholson and Marlon Brando in "The Missouri Breaks." 12.45 am Reflections followed by Cricket results.

GRANADA
11.30 am America's Top 10. 12.05 pm Roses Cricket (Yorkshire v Lancashire). 1.25 Mery. 1.55 Cricket. 5.05 Cricket. 10.30 The Star Movie: Jack Nicholson and Marlon Brando in "The Missouri Breaks." 12.45 am Alfred Hitchcock presents. 1.10 The Best Of Benny Hill. 2.45 am The Undisputed World Heavyweight Championship: Mike Tyson (US) v Tony Tucker (US).

HTV
11.57 am HTV News. 1.05 Cartoon Time. 1.15 World Cup '66. 10.30 Star Movie: Jack Nicholson and Marlon Brando in "The Missouri Breaks."

Marlene Dietrich in Pittsburgh: 1 pm C4

SCOTTISH
12.45 pm Feature Film: "Tales of Manhattan," starring Henry Fonda, Charles Boyer, Rita Hayworth, Ginger Rogers and Edward G. Robinson. 10.30 "The Missouri Breaks," starring Jack Nicholson, Marlon Brando and Kathleen Lloyd. 12.45 am Late Call. 12.50 Scotsport Special: "The Rangers International."

TSW
11.57 am TSW News. 5.05 pm Newsport. 5.07 The Smurfs. 5.30 Blockbusters. 10.30 Late Night Film: "Neighbours," starring John Belushi and Dan Aykroyd. 12.20 am Postscript.

TVS
11.57 am TVS Weather. 10.30 pm The Star Movie: "The Missouri Breaks," starring Jack Nicholson and Marlon Brando. 12.45 am The Forum Presents Roberta Flack. 1.30 Company.

TYNE TEES
10.30 pm Jack Nicholson in "The Missouri Breaks." 12.45 am Epilogue.

ULSTER
11.56 am Lunchtime. 5.03 pm Ulster News. 5.27 Ulster News. 10.30 Feature Film: "The Missouri Breaks," Marlon Brando, Jack Nicholson and Kathleen Lloyd. 12.45 am News and Sports Results.

YORKSHIRE
12.05 pm Roses Cricket. 1.25 A.L.F. 1.55 Cricket. 5.05 Cricket. 10.30 The Star Movie: "The Missouri Breaks" (Marlon Brando and Jack Nicholson star). 12.45 am The Saturday Late Film: "The Salamander," starring Anthony Quinn and Claudia Cardinale. 2.35 am Jobfinder.

Stereo on VHF

BBC RADIO 2
6.00 am David Jacobs. 10.00 Sounds of the 60s. 11.00 Album Time. 1.00 pm Wise on the Wireless. 1.30 Sport on 2: Football: Charity Shield (Coventry v Everton); Cricket: First Ladies' Test at Worcester: England v Australia, plus news of the Britannic County Championship matches; Athletics (The Kodak AAA); Racing from Goodwood at 2.30 and 3.10; Reports of practice for the British Motor Cycling Grand Prix at Donington, the Derby meeting at Hickstead, the Scandinavian Golf Open and a look ahead to tonight's heavyweight fight in Las Vegas: Mike Tyson v Tony Tucker. 6.00 The Impressionists. 6.30 Song by Song by Sondheim. 7.00 Three In a Row. 7.30 Music from the Movies. 9.30 String Sound. 10.05 Martin Kelner. 12.05 am Night Owls. 1.00 Nick Page presents "Nightride." 3.00-4.00 A Little Night Music.

BBC RADIO 3
7.00 am News. 7.05 Morning Concert. 9.00 News. 9.05 Stereo Release. 10.40 Christian Zacharias piano recital. 11.20 BBC Welsh Symphony Orchestra (12.05 pm Interval Reading). 1.00 News. 1.05 Salomon Quartet: Mozart and Boccherini. 2.00 Maria Callas, part 1 (2.35 Interval Reading). 3.00 Jazz Record Requests. 3.45 Himalaya. 5.30 Music for Organ. 7.00 Music and Sweet Poetry. 7.30 Proms 87, part 1: New Philharmonic Orchestra of Radio France conducted by Marek Janowski, part 1: Ravel (Mother Goose suite), Debussy (Prelude à l'après-midi d'un faune), Saint-Saëns (Piano Concerto No 2, played by Cecile Ousset). 8.25 For Friends Only. 8.45 Proms 87, part 2: Chausson (Symphony in B flat). 9.35 The Enemy Within. 9.55 Hungarian String Quartets. 10.40 BBC Singers at St John's, Smith Square (11.25 Interval Reading). 11.57-12.00 News.

BBC RADIO 4
7.00 am Today. 9.00 News. 9.05 Sport on 4. 9.30 Breakaway. 10.00 News: Loose Ends. 11.00 News: Talking Politics. 11.27 From our own Correspondent. 12.00 The Big Day. 12.25 pm Quote ... Unquote (S). 12.55 Weather. 1.00 News. 1.10 With Great Pleasure (S). 1.55 Shipping Forecast. 2.00 News: Second Edition. 3.00 The Afternoon Play (S). 4.30 Science on 4. 5.00 The Living World. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather; Travel.
6.00 News; Sports round-up. 6.25 In The Psychiatrist's Chair. 7.00 Saturday Night Theatre (S). 8.30 Baker's Dozen (S). 9.30 Thriller (S). 9.58 Ten to Ten (S). 9.59 Weather. 10.00 News. 10.15 In Keeping with Tradition. 10.30 Broden Beside Himself (S). 11.00 Even Looser Ends. 12.00-12.15 am News.

SUNDAY

BBC1
† Indicates programme in black and white
8.55 am Play School. 9.15 Articles of Faith. 9.30 This is the Day. 10.00 What on Earth . . . ? 10.25 Asianews at Home. 10.55 The Healing Arts. 11.45 Favourite Walks. 12.10 pm See Hear. 12.35 Farming. 12.58 Weather for Farmers. 1.00 News Headlines. 1.05 Bonanza.
1.55 pm Cartoon. 2.00 Eastenders. †3.00 Film: "Reap the Wild Wind" (John Wayne, Susan Hayward and Ray Milland star). 5.10 The Muppet Show. 5.25 Aled. 5.55 Steam Days. 6.25 News. 6.40 Home on Sunday. 7.15 Screentest: Peter the Great. 8.45 Breed. 9.15 Hemingway. 10.15 News. 10.30 Choices. 11.10 When in Spain. 11.35 Network East.

BBC2
1.30 pm Sunday Grandstand including 1.35 Motorcycling (The Shell Oils British Grand Prix). 2.10 Swimming (The Hewlett Packard National Long Course Championship); and Cricket (Somerset v Glamorgan); 2.50 Motorcycling; 4.00 Swimming/Cricket; 4.30 Motorcycling; 6.00 Show Jumping at Hickstead; 6.50 Cricket. 6.45 It's Garry Shandling's Show. 7.15 Favourite Things. 7.45 The Flight of the Condor. 8.40 Top Crown. 9.25 The Paul Daniels Magic Show. 10.10 "Utu" (Opening a season of films from New Zealand). 11.50-12.30 am Motorcycling.

LONDON
6.55 am TV-am Breakfast programme. 9.25 Wake Up London. 9.35 The Undisputed World Heavyweight Championship: Mike Tyson v Tony Tucker. 10.30 Punky Brewster. 11.00 Morning Worship. 12.00 Jobwatch. 12.30 pm Easy. 1.00 Face the Press. 1.30 Link. 2.00 LWT News Headlines followed by Cato Boats. 2.30 International Athletics. 4.30 Shadow of the Stone. 5.00 Turning the Tide.
5.30 Howell Flov-D. 6.30 News. 6.40 Sing Out. 7.15 Tarby's Frame Game. 7.45 Wolf to the Slaughter. 8.45 News. 9.00 Crazy Like A Fox. 10.00 Watching. 10.30 The Jimmy Young Television Programme. 11.15 LWT News Headlines followed by the Undisputed Heavyweight Championship: Mike Tyson v Tony Tucker (highlights). 12.15 am Dernok.

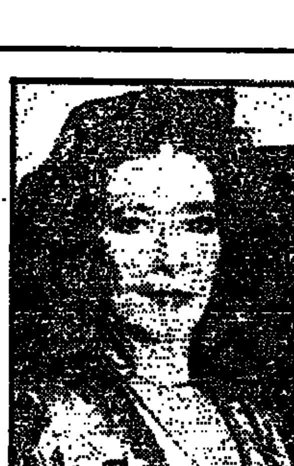
CHANNEL 4
9.30 am Fahmida's Story. 10.00 Bandung File. 11.00 The Waltons. 12.00 Network 7. 2.00 pm Nature in Focus. 2.30 "I See a Dark Stranger," starring Deborah Kerr. 4.40 James Galway and Kyung Wha Chung play Bach. 5.15 News Summary followed by A Class Divided. 6.15 Dressage: The Russell Hobbs Tower Musical Dressage. 7.15 The Struggles for Poland. 8.15 Time on Barra. 9.15 Extras. 10.15-12.40 am "The Man Who Would Be King," starring Sean Connery and Michael Caine.

S4C WALES
10.30 am Oedfa 'R Bore. 11.30 Interval. 12.00 Network 7. 2.00 pm Feature Film: "With A Song In My Heart," starring Susan Hayward. 4.15 Equinox. 5.15 Sue My Lawyer. 5.30 Time To Talk. 6.00 Right To Reply Special. 7.00 Newyddion. 7.10 Hamlet. 8.00 Llo I Enaid . . . Gael Llonydd. 8.50 Byd Cerdd. 9.50 Nights And Days. 11.50 Feature Film: "The Sea Wolf," starring Edward G. Robinson, John Garfield, Ida Lupino.

IBA Regions as London except at the following times:—

ANGLIA
10.30 am Knight Rider. 1.00 pm Anything Goes. 1.25 Weather Trends. 1.30 Farming Diary. 2.00 Shakespeare's Stratford. 5.00 Turning the Tide. 5.30 Pass the Buck. 6.00 Heritage in the East. 11.15 Meltdown. 12.15 am Ghosts Revisited.

CENTRAL
9.25 am Max the 2000 Year Old Mouse. 10.30 Starbreaker. 1.00 pm Link. 1.30 The Care Bears. 2.00 The Mad Dog Meets Rotten Fred and the Ratsguts. 5.30 Highway To Heaven. 9.00 Murder, She Wrote. 11.15 Prisoner Cell Block H. 12.10 am Donahue. 1.10 "The Leather Boys" starring Rita Tushingham. 3.10 Central News followed by Central Jobfinder '87.



Phyllis Logan in Extras: 9.15 pm C4

CHANNEL
9.25 am Today's Weather. 9.26 Starting Point. 10.30 Argonauts. 10.50 Cartoon. 1.00 pm Link. 1.30 Les Français Chez-Vous. 2.00 Shakespeare's Stratford. 5.30 Highway to Heaven. 6.25 Channel News Headlines. 11.15 Connie.

GRAMPIAN
9.25 am Crystal Tipps and Alistair. 10.30 The Cat in the Hat. 1.00 pm Farming Outlook. 1.30 The Grampian Television Invitation Bowling Tournament. 5.30 Terrahawks. 6.00 Survival. 11.15 The Silk Road. 12.15 am Reflections.

GRANADA
9.25 am Crystal Tipps and Alistair. 10.30 Terrahawks. 1.00 pm Members Only. 1.05 Aap Kaa Hak. 1.30 Turning the Tide. 2.00 Shakespeare's Stratford. 5.00 Cartoon. 5.05 The Love Boat. 6.00 Survival. 11.15 Celebration in Concert. 12.00 Worldwide Update. 12.25 am What the European Papers Say.

HTV
9.25 am Max the 2000 year old Mouse. 10.30 Robostory. 2.00 pm The Shakespeare Trilogy. 5.30 Crazy Like a Fox. 6.25 HTV News. 9.00 Murder, She Wrote. 11.15 Connie.

SCOTTISH
9.25 am Gagomania. 10.30 Terrahawks. 1.00 pm Silk Road. 2.00 Adventurer. 5.30 Highway to Heaven. 9.00 Murder, She Wrote. 11.15 Late Call. 11.20 Bowls (Grampian Television Invitation Tournament). 12.20 am Scotsport Special (The Rangers International).

TSW
9.25 am Look and See. 10.30 Nuts and Bolts of Care. 1.00 pm Postscript Diary. 1.05 The South West Week. 1.30 Farming News. 2.00 Shakespeare's Stratford. 4.30 Gardens For All. 5.00 Shadow of Stone. 5.30 Diff'rent Strokes. 6.00 Turning The Tide. 6.35 TSW News. 12.15 am Postscript Postbag.

TVS
9.25 am Victor and Maria. 10.30 Argonauts. 10.50 Cartoon. 1.00 pm Link. 1.30 Struggle Beneath the Sea. 2.00 Shakespeare's Stratford. 5.30 Highway to Heaven. 6.25 TVS News. 11.15 Connie. 12.15 am Company.

TYNE TEES
9.25 am Hello Sunday. 10.30 Terrahawks. 1.00 pm Farming Outlook. 1.30 Face The Press. 2.00 Lindisfarne: The Cradle Island. 5.30 Highway to Heaven. 12.15 am Epilogue.

ULSTER
9.25 am Cartoon. 10.30 Fireball XL5. 12.58 pm Lunchtime. 1.00 Farming Weather. 2.00 A Personal View. 5.30 Highway to Heaven. 6.38 Ulster News. 11.15 Jazz. 12.15 am Sports Results. 12.20 News at Bedtime.

YORKSHIRE
9.25 am Cartoon Time. 10.30 Peppino. 1.00 pm Link. 1.25 Farming Diary. 2.00 Terrahawks. 5.00 Highway To Heaven. 6.00 Sweethearts. 11.15 Action! 12.10 am The Freiburg Jazz Festival. 12.40 Five Minutes. 12.45 Jobfinder.

Stereo on VHF

BBC RADIO 2
7.00 am Roger Royle says "Good Morning Sunday." 9.05 Melodies for You. 11.00 Desmond Carrington with your Radio 2 All-time Greats. 2.00 pm Stuart Hall's Sunday Sport (Medium Wave only). 2.00 pm Benny Green (VHF only). 3.00 Alan Dell (VHF only). 4.00 Serenade (VHF only). 4.30 Sing Something Simple (VHF only). 5.00 Charlie Chester with your Sunday Soapbox. 7.30 Grand Hotel. 8.30 Hymns on Holiday. 10.05 Songs from the Shows. 10.45 David Francis at the piano. 11.00 Sounds of Jazz. 1.00 am Bill Rennells presents "Nightride." 3.00-4.00 A Little Night Music.

BBC RADIO 3
7.00 am News. 7.05 Solomon in sonatas by Haydn, Beethoven and Schubert. 8.00 World Service News. 9.00 News. 9.05 Your Concert Choice. 11.15 Arditti String Quartet (12.05 pm Interval Reading). 12.00 London Mozart Players (1.40 Interval Reading). 3.25 The Last of the Minnesingers. 3.25 Murray Perahia, piano recital (4.15-4.20 Interval Reading). 5.15 Himalaya. 5.00 Fritz Kreisler plays Beethoven's Violin Concerto (mono record). 6.45 Music and Sweet Poetry (Madrigals by George Kirbye). 7.10 Housemen on American Theatre Today. 7.30 Proms 87, part 1: Weber orch Berlioz (Invitation to the Dance), Berlioz (Les nuits d'été, sung by Maria Ewing). 8.15 Nights at the Opera. 8.35 Proms 87, part 2: Fauré (Pavane; Madrigal); Schmitt (La tragédie de Salomé). 9.30 For Art's Sake. 10.00 Schoenberg String Quartet: Brahms (Piano Quintet). Joanna Bruzdowicz (Quartet No 1). 11.00 Pierrot Lunaire in English (Schoenberg's piece in Andrew Porter's new translation). 11.40 Giles Farnaby (Harpsichord music played by Christopher Farr). 11.57-12.00 News.

7.00 am News. 7.10 Sunday Papers. 7.15 Waterlines. 7.40 Sunday. 8.50 The Week's Good Cause. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service. 10.15 The Archers (Omnibus edition). 11.15 News Stand. 11.30 Pick of the Week (S). 12.15 pm Desert Island Discs (S). 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 Afternoon Play. 4.00 News: Enterprise. 4.30 The Natural History Programme.

BBC RADIO 4
5.00 News; Travel; Take a Place Like . . . 5.40 Anything You Can Do. 5.50 Shipping forecast. 5.55 Weather; Travel. 6.00 News. 6.30 International Assignment. 7.00 A Good Read. 7.30 The Cross and the Crescent (S). 8.00 News; Lexicon of Laughter (S). 9.00 Time in Action. 9.59 Weather. 10.00 News. 10.15 Victoria (S). 11.00 Before the Ending of the Day (S). 11.15 Ghost Story. 11.30 Hermione. 12.00-12.15 am News.